No. 15-777

SUPREME COURT U.S.
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IN THE

Supreme Court of the United States

SAMSUNG ELECTRONICS CO., LTD., SAMSUNG ELECTRONICS AMERICA, INC., SAMSUNG TELECOMMUNICATIONS AMERICA LLC,

Petitioners,

v.

APPLE INC.,

Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF FOR RESPONDENT

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QUESTION PRESENTED

Whether 35 U.S.C. § 289, which provides that a party that infringes a design patent may be held "liable ... to the extent of his total profit" on articles of manufacture to which the patented design is applied, permitted the jury to award the amount that it determined represented Samsung's total profit from sales of Samsung devices that infringed Apple's design patents.

CORPORATE DISCLOSURE STATEMENT

Respondent Apple Inc. has no parent corporation. To the best of Apple's knowledge and belief, and based on public filings with the Securities and Exchange Commission, as of July 29, 2016, no publicly held corporation owns 10% or more of Apple's stock.

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BRIEF FOR RESPONDENT

INTRODUCTION

In 2004, Apple undertook a bet-the-company project to enter the smartphone market. With no assurance of success, Apple spent billions of dollars as hundreds of its employees worked "night[s]," "weekends," "all the time" to create a "new, original, and beautiful object, something that would really wow the world." JA97, 119. Before launch, Apple's risky venture was viewed skeptically. But upon its release in 2007, the iPhone was acclaimed as a revolutionary product that set the standard for smartphone design. As with so many other Apple products, the iPhone's success was directly tied to its

innovative design, including its distinctive front face and colorful graphical touchscreen user interface, which Apple protected with U.S. design patents.

The innovation and beauty of Apple's iPhone designs were hailed by consumers and the press and envied by Apple's largest competitor, Samsung. Challenged by the iPhone's success, Samsung's leadership recognized that Samsung faced a "crisis of design." JA422. Samsung then made a deliberate decision to copy the iPhone's look and many of its user interface features—a decision that revived Samsung's sales. After Samsung refused to stop its blatant copying, Apple sued. A jury found, and the Federal Circuit affirmed, that Apple's design patents are valid and infringed by Samsung.

The only issue before this Court is whether Samsung will be able to avoid fairly compensating Apple for its adjudicated infringement. Samsung takes aim at 35 U.S.C. § 289, which provides that a design patent infringer is "liable ... to the extent of his total profit" on the "article of manufacture" to which the patented design has been applied. Congress enacted this remedy because it recognized that "it is the design that sells the article" and, because profits attributable to design are often "not apportionable," "[i]t is expedient that the infringer's entire profit on the article should be recoverable, as otherwise none of his profit can be recovered." 18 Cong. Rec. 834 (1887). As the Solicitor General correctly notes (Br. 10-15), Samsung's effort to read an apportionment requirement into § 289 is at odds not only with the statute's plain language, but also with Congress's contemporaneous explanation that the remedy was enacted in response to decisions of this Court taking exactly the approach Samsung now advocates. And as the government also correctly explains (Br. 16-31),

identification of the relevant "article of manufacture" on which § 289 allows an award of total profit is a factual question for the jury on which the defendant bears the burden of proof.

There is no reason to remand this case. The government's recognition (Br. 32) that "[i]t is unclear" whether Samsung presented sufficient evidence to satisfy its evidentiary burden is a significant understatement. Samsung introduced *no* evidence that the relevant articles of manufacture were anything other than the whole smartphones and never offered any calculation of § 289 damages based on anything other than the entire phones. Nor was there any error in the instructions given; indeed, the government's recommendation for remand rests on particular language in one instruction that is basically identical to language that Samsung proposed and neither challenged in an objection nor appealed to the Federal Circuit. The jury reached the only possible conclusion based on the trial evidence: that the articles of manufacture to which Samsung applied Apple's patented designs were Samsung's entire phones—a conclusion Samsung did not challenge as unsupported by substantial evidence. Pet. App. 29a. Accordingly, remand is unwarranted.

Samsung invokes highly speculative policy grounds that it believes justify upending the settled interpretation of a statutory remedy first adopted in 1887, readopted in 1952, and left unchanged since then. Samsung's arguments are addressed to the wrong branch of government: It is not for this Court to decide whether to alter the statutory balance that Congress has chosen and left undisturbed for decades. Samsung's farfetched hypotheticals are just that; and they ignore the reality of this case. Samsung is a sophisticated company that chose to copy the design innovations of its big-

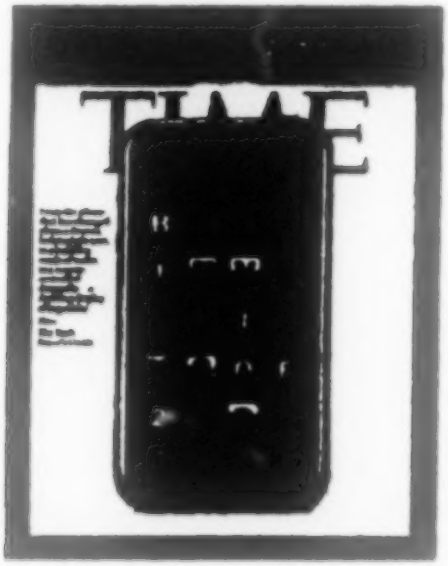
gest competitor and profited significantly from doing so. That is precisely the type of conduct Congress long ago decided deserves an effective remedy.

The judgment should be affirmed.

STATEMENT

A. Apple's Iconic iPhone Designs And Design Patents

The iPhone was Apple's first phone, and its development—which took years and cost billions—was decidedly risky. Dkt. 2840 at 803 ("[W]e were risking both our reputation and the business of the company in doing this.");[1] JA97-98, 122-123. But the gamble succeeded; the iPhone revolutionized the smartphone market. As Time Magazine recognized when it named the iPhone "Invention of the Year" in 2007, one of Apple's "basic insights about technology is that good design is actually as important as good technology." JA459-460.



JA463.

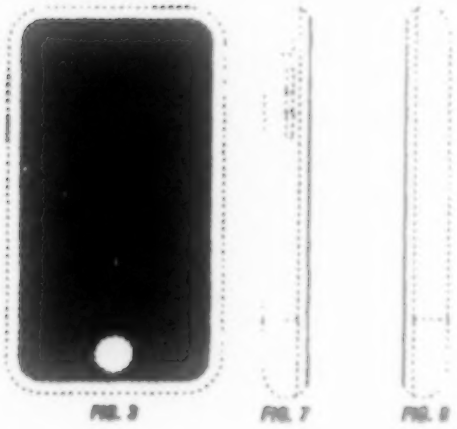
[1] References to "Dkt." are to the district court docket.

The iPhone was "widely hailed for its beauty," which helped "[s]et[] the standard for screen-centric design." JA404, 408; *see also* JA442-443 (New York Times describing iPhone as "gorgeous" with a "shiny black [front face], rimmed by mirror-finish stainless steel" and a "spectacular" user interface); JA448 (Wall Street Journal describing iPhone as "a beautiful and breakthrough handheld computer"). And its impact has been lasting. Earlier this year, Time Magazine named the iPhone the single "most influential gadget[] of all time," explaining: "Apple's device ushered in a new era of flat, touchscreen phones with buttons that appeared on screen as you needed them, replacing the chunkier phones with slide-out keyboards and static buttons." Eadicicco et al., *The 50 Most Influential Gadgets of All Time*, Time, May 3, 2016. "Smartphones had technically existed for years, but none came together as accessibly and beautifully as the iPhone." *Id.*

The iPhone's iconic design is protected by U.S. Design Patent Nos. D618,677 ("D'677 patent"), D593,087 ("D'087 patent"), and D604,305 ("D'305 patent").

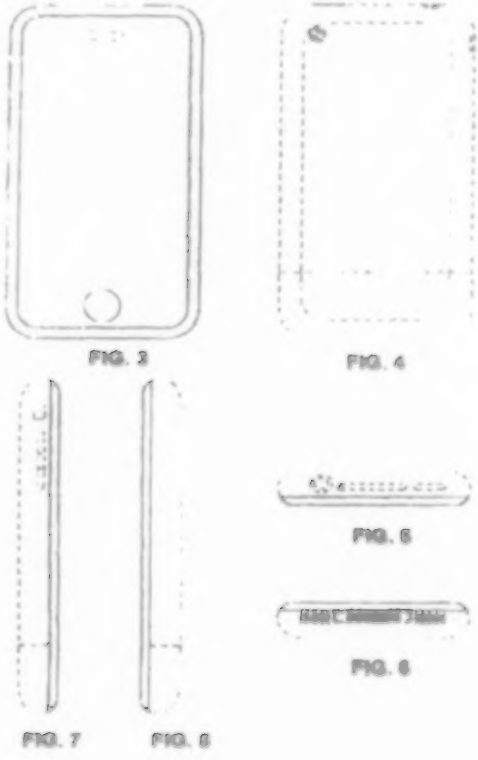
The D'677 patent covers the overall visual impression of the iPhone's distinctive front face, notably the combination of its form factor, black color, speaker slot, and reflective or transparent surface extending edge-to-edge:

FIG. 1



JA577-578.

The D'087 patent covers the iPhone's distinctive combination of its form factor, flat contour of the front face, and bezel (the edge separating the glass display from the rest of the device) extending from the front of the device to the sides:



JA543.

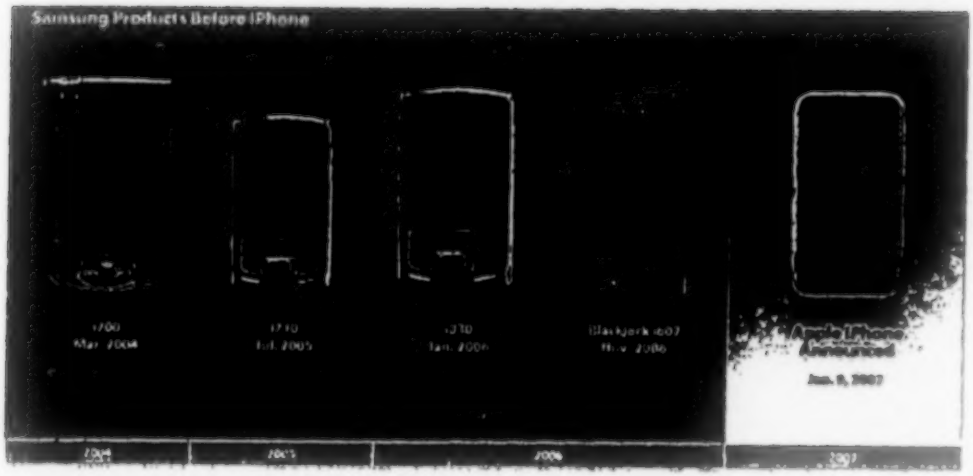
The D'305 patent covers the distinctive design of the iPhone's graphical user interface, including the instantly recognizable arrangement of rows of colorful square icons with rounded corners:

JA564.

B. Samsung's Infringement

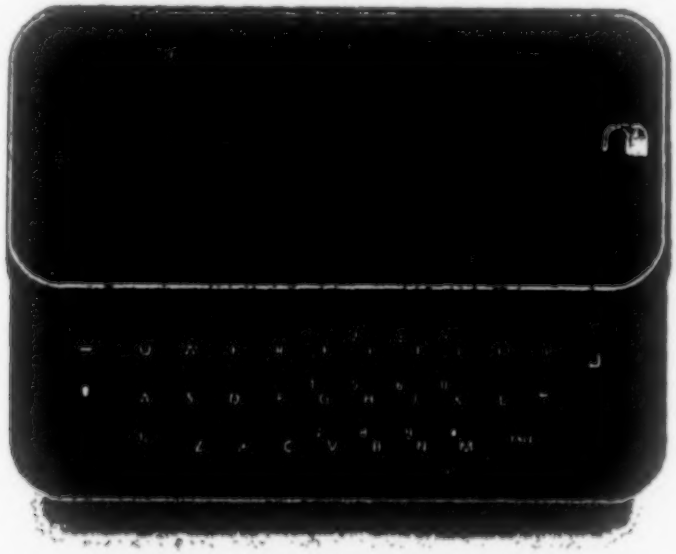
Samsung cobbles together out-of-context citations to out-of-record materials in an attempt to paint itself as a thought leader in the smartphone industry. Pet. Br. 4-10. But the real record—as played out in the actual marketplace and in this litigation—tells a very different story. Apple innovated; Samsung copied.

Before the iPhone's release in 2007, mobile phones—including Samsung's—were bulky, inelegant boxes with multiple buttons and protruding antennae:



JA356.

Samsung points (Br. 5) to "mockups and prototypes for round-cornered rectangular flat-screened smartphones" it claims to have developed before the iPhone. In addition to being just that—mockups and prototypes—*all* of those designs have slide-out keyboards, which the iPhone does not.



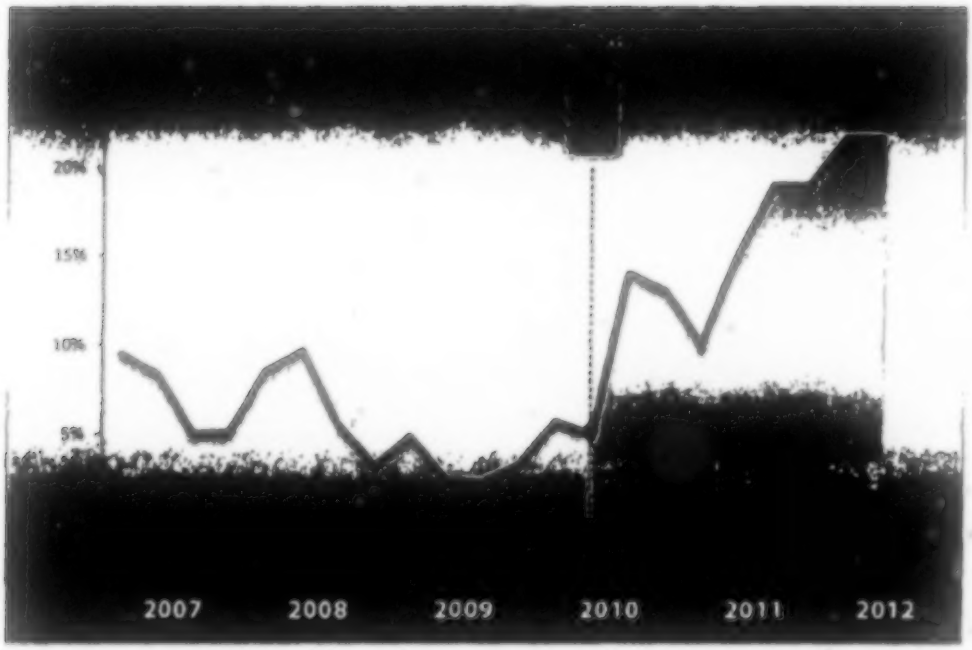
E.g., JA253 (Samsung Q-Bowl prototype); *see also* JA248-252, 254-256, 266, 523; *cf.* JA121-122 (Apple executive explaining that Apple "didn't want to have a physical keyboard" and that "many people thought we

were actually crazy to try to build something without any form of physical keyboard"). The truth, as told by one of Samsung's executives, was that Samsung did not have any products that could truly compete with the iPhone when it was released. Tr. 1606, Dkt. 1716, *Apple Inc.* v. *Samsung Elecs. Co.*, No. 12-0630 (N.D. Cal. Apr. 14, 2014) ("[B]y [2007] we didn't have any real kind of good comparative smartphones yet.").

The iPhone took the market by storm, selling more than 25 million units between June 2007 and July 2010. Dkt. 1597-1 at 3. A survey and market analysis commissioned by Samsung described the iPhone as "a revolution" and concluded that the iPhone's "strong, screen-centric design" had "set the standard" and "ha[d] come to equal what's on trend and cool for many consumers." JA404, 406. By February 2010, Samsung realized that it faced "a crisis of design." JA422. Samsung's top executives acknowledged that, when its phones were "compared to the unexpected competitor Apple's iPhone, the difference [wa]s truly that of Heaven and Earth." *Id.*

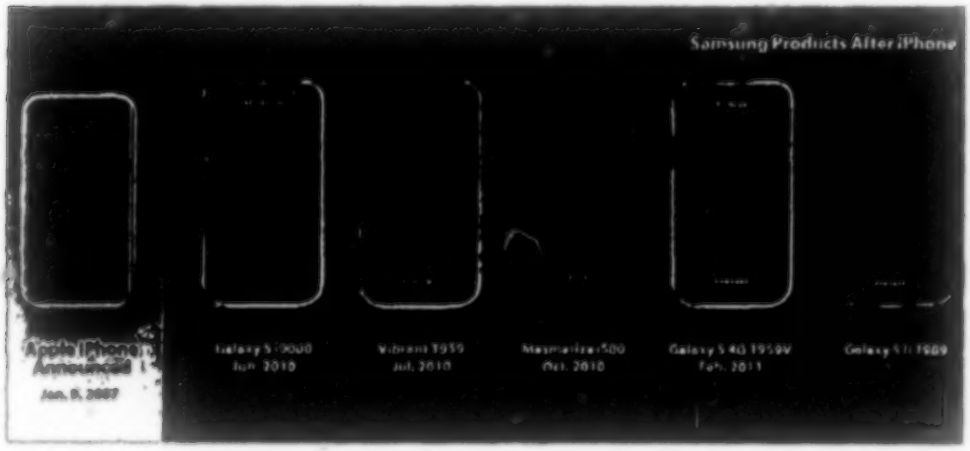
Forced to admit that "Apple ha[d] overtaken Samsung as the most stylish brand overall," JA407, Samsung opted not to compete through its own innovations, but instead to copy Apple, JA417 ("I hear things like this: Let's make something like the iPhone."). Over the next three months, Samsung meticulously and systematically copied the look and feel of the iPhone, a campaign that culminated in the release of Samsung's first infringing smartphones in the summer of 2010. Dkt. 2842 at 1048; JA212.

Samsung's strategy worked; its market share swung "abrupt[ly] upward." JA188-189.



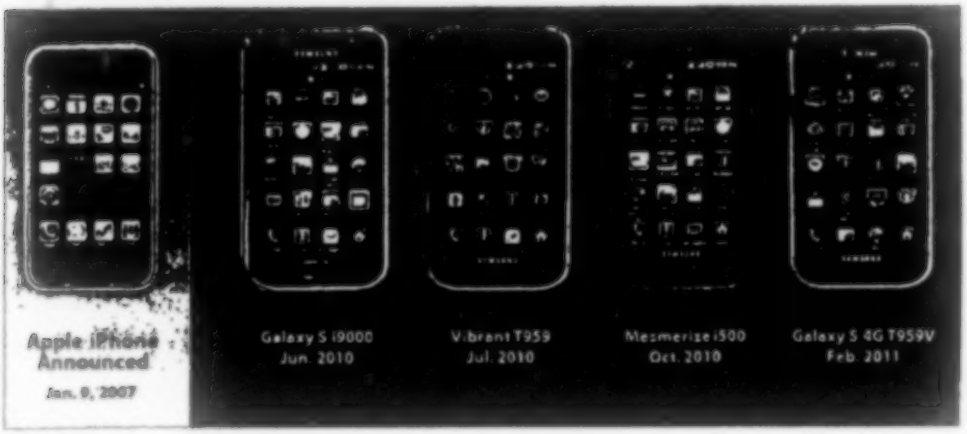
JA351. Samsung's 2010 jump in market share was nearly entirely attributable to its infringing smartphones. JA302. And Samsung's market share continued to skyrocket—from 5% to 20% in just two years. JA351.

During this time, Samsung transformed many of its products into clones of Apple's breakthrough smartphone:



JA358.

Samsung's wholesale copying also extended to the iPhone's distinctive graphical user interface:



JA352.

The jury heard that the similarities were "beyond coincidental." JA170-171. It also saw evidence of Samsung's blatant efforts to trade on the iPhone's ingenious design. One internal Samsung document included 126 pages of side-by-side comparisons of iPhone icons and user interface features next to Samsung phones in development—page after page touting the benefits of the iPhone and providing specific "[d]irections for [i]mprovement" to make Samsung's graphical user interface, icons, and other features look like Apple's. *E.g.*, JA426-428; *see also* Dkt. 2842 at 1052-1053.

Apple and the market took notice. As Apple marketing executive Phil Schiller testified, he was "astonish[ed]" and "shocked" when he first saw Samsung's Galaxy S phone: "My first thought was wow, they've completely copied the iPhone[.]" JA315. A WIRED magazine article entitled *Samsung Vibrant Rips Off iPhone 3G Design* observed that Samsung's design "[wa]s shockingly similar to the iPhone 3G: [t]he rounded curves at the corners, the candybar shape, the glossy, black finish and the chrome-colored metallic

border around the display," and proclaimed that "there's little to make the [Vibrant] notable, apart from its striking similarity to the iPhone." JA359-360. And the Wall Street Journal explained that Samsung's Vibrant phone "has rounded corners and a prominent border that make it look very much like last year's iPhone." JA361.

The jury also took notice. In a now-conclusive liability verdict, it found that eighteen Samsung smartphone models infringed Apple's design patents. JA272-280. In other words, the jury concluded that the design of eighteen separate Samsung smartphones was "substantially similar" to the patented design of the iPhone such that "in the eye of an ordinary observer, giving such attention as a purchaser usually gives, the resemblance between the two designs [wa]s such as to deceive an observer, inducing him to purchase one supposing it to be the other." Dkt. 1903 at 63 (Final Jury Instruction No. 46). Collectively, two juries awarded Apple $399 million in damages—the amount determined to be Samsung's profits from its sales of millions of infringing smartphones.[2]

C. Statutory Framework

1. Design patents

Congress first enacted protection for "any new and original design for a manufacture" in 1842. Act of Aug. 29, 1842, ch. 263, § 3, 5 Stat. 543-544. Design patent protection was intended to "fill a gap between copy-

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[2] No damages were awarded for two of the eighteen infringing models for which there were no U.S. sales. JA279-280; Dkt. 1597-1 at 1. Damages for five of the infringing models were set to be determined at a further trial in March 2016, which was postponed pending resolution of this appeal. Dkt. 3472 at 1-2.

right protection for authors and patent protection for inventors in the mechanical arts." 8 *Chisum on Patents* § 23.02 (2014). While utility patents protect functional inventions and copyrights protect works of art, design patents protect designs applied to or incorporated within functional objects. *See Bonito Boats, Inc.* v. *Thunder Craft Boats, Inc.*, 489 U.S. 141, 148 (1989); *Mazer* v. *Stein*, 347 U.S. 201, 218 (1954); *see also* BSA Br. 17-20; Nike Br. 24-28.

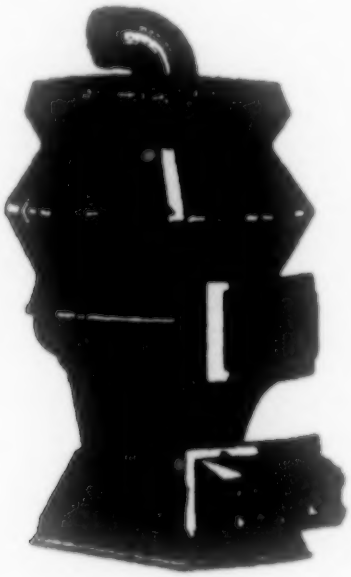
Congress was spurred to create the design patent right by the emergence of intricate designs for sophisticated items like cast-iron stoves. Du Mont & Janis, *The Origins of American Design Patent Protection*, 88 Ind. L.J. 837, 851 (2013). Well-designed stoves were popular because, even if a consumer "found the mechanics of the product to be baffling," he "could always depend on what his senses told him" about the visual appeal of the product. *Id.* When manufacturers discovered the importance consumers placed on design, they "began to pay particular attention to the notion that artistic values applied to utilitarian manufactures might also increase their saleability." *Id.*

Congress recognized "that giving certain new and original appearances to a manufactured article may enhance its salable value, may enlarge the demand for it, and may be a meritorious service to the public." *Gorham Co.* v. *White*, 81 U.S. (14 Wall.) 511, 525 (1872). As this Court explained, "the thing invented or produced, for which a patent is given, is that which gives a peculiar or distinctive appearance to the manufacture, or article to which it may be applied, or to which it gives form." *Id.* "[I]n basing a patent right upon the ornamentation or beauty of a tool or mechanical device, ... Congress expressed a desire to promote more beauty, grace, and ornamentation in things used, ob-

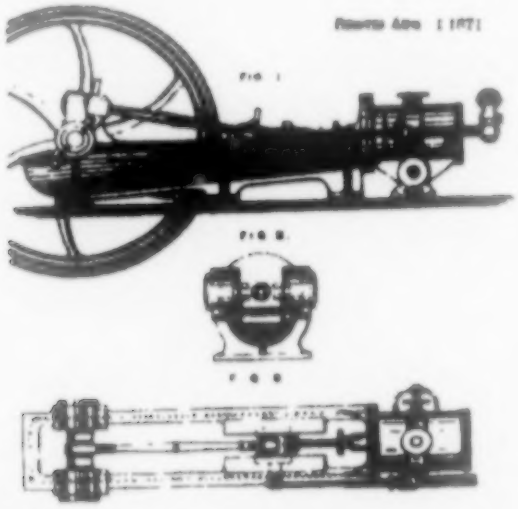
served, and enjoyed by our people." *In re Koehring*, 37 F.2d 421, 422 (C.C.P.A. 1930).

Inventors soon obtained design patents on a wide variety of products, including not only mere decorative items, but also complex, multi-component items, such as:

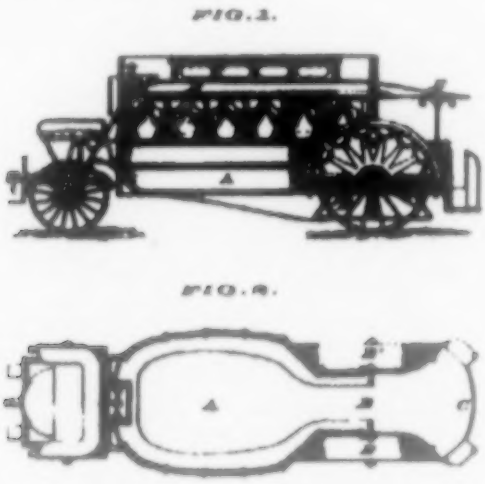
D5,075 Design for Hot-Air Furnace (1871) (claiming the design for a hot-air furnace, including "the upper portion ... in which the side pipes ... are separated from each other by airspaces" and "arranged radially and vertically with relation to other portions of the furnace");



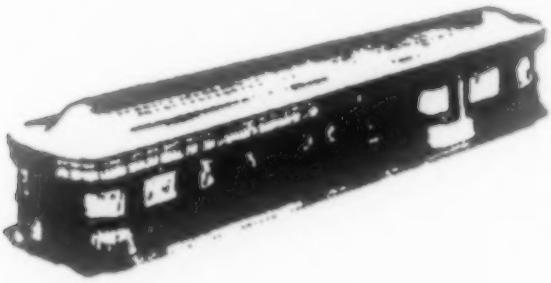
D5,146 Design for a Steam Engine (1871) (claiming "[t]he design for a steam-engine substantially as shown")



D7,166 Design for Street-Cars (1874) (claiming "[t]he general design for a street-car," including the "body," "wheel-guards," and "roof");

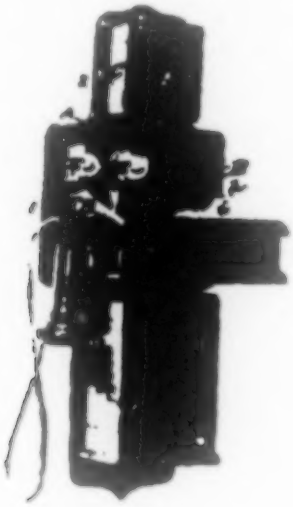


D16,659 Design for a Railway-Car Body (1886) (covering "a design for a railway car ... and ornamentation of the body thereof"—specifically, a car with "inclosed end compartments of full width and a central portion of less width," and "rounded corners with windows").



Design patents were even issued on early telephones:

D12,179 Design for Telephonic Apparatus (1881) (claiming "design for a telephonic apparatus" with a back board "widened at its central portion and narrowed at its upper and lower ends," a "disk-shaped magneto box supported on the widened portion," and a transmitter above and battery-box below).



In 1902, Congress revised the design patent statute to define the eligible subject matter as "any new, original, and ornamental design for an article of manufacture." Act of May 9, 1902, ch. 783, 32 Stat. 193. The modified definition was carried forward verbatim in the Patent Act of 1952, which remains in force today. 35 U.S.C. § 171(a).

2. Remedies for design patent infringement

Before 1887, apportionment was required, and a design patent owner whose patent was infringed "could recover only the proportionate amounts [of profits] that were proven to be attributable to the patented feature." *Nike, Inc.* v. *Wal-Mart Stores, Inc.*, 138 F.3d 1437, 1441 (Fed. Cir. 1998). The inadequacy of that remedy became apparent in this Court's *Dobson* decisions, which affirmed the lower court's finding of infringement, but ordered damages of just six cents after concluding that the patentee failed to provide "reliable evidence[] that the entire profit is due to the [patented design]." *Dobson* v. *Hartford Carpet Co.*, 114 U.S. 439, 444 (1885); *Dobson* v. *Dornan*, 118 U.S. 10, 17-18 (1886); *see also Nike*, 138 F.3d at 1441 (recounting history).

Almost immediately, Congress addressed the "emergency" the *Dobson* decisions created, which Congress likened to a "virtual repeal" of the design patent laws. 18 Cong. Rec. 834 (1887); S. Rep. No. 49-206, at 1-2 (1886). Congress enacted the Design Patent Act of 1887, which created a special "new rule of recovery for design patents" because, in the words of the House Committee on Patents:

> It is expedient that the infringer's entire profit on the article should be recoverable, as otherwise none of his profit can be recovered, for it

> is not apportionable; and it is just that the entire profit on the article should be recoverable ... , for it is the design that sells the article, and so that makes it possible to realize any profit at all[.]

18 Cong. Rec. 834; *see* U.S. Br. 12-13 (recounting history). Consistent with that explanation, the statute provided that an infringer "shall be liable" to a design patent holder for $250 or, "in case *the total profit made* by [the infringer] from the manufacture or sale ... of the article or articles to which the design, or colorable imitation thereof, has been applied, exceeds [$250], [the infringer] *shall be further liable for the excess of such profit* over and above [$250]." Act of Feb. 4, 1887, ch. 105, § 1, 24 Stat. 387, 387 (emphases added). Nothing in the text suggested that the provision was limited to certain types of articles—quite the contrary, the statute made it "unlawful" for "any person other than the" patent owner to apply a patented design "to *any* article of manufacture." *Id.* (emphasis added).

The House Committee on Patents explained that "[t]he patentee recovers the profit actually made on the infringing article ... that is, what the infringer realized from the infringing articles minus what they cost him." 18 Cong. Rec. 834. In short, because of the importance of design and Congress's determination that apportionment is difficult and impractical in the design patent context, *id.*, the 1887 Act "remove[d] ... the need to apportion the infringer's profits between the patented design and the article bearing the design," *Nike*, 138 F.3d at 1442; *see Untermeyer* v. *Freund*, 58 F. 205, 212 (2d Cir. 1893) ("The rule which [C]ongress declared for the computation of profits was the total profit from the manufacture or sale of the article to which the design was applied, as distinguished from the pre-existing rule

of the profit which could be proved to be attributable to the design.").

Congress retained the "total profit" remedy in § 289 of the Patent Act of 1952, which remains in effect today. U.S. Br. 13. Entitled "Additional remedy for infringement of design patent," § 289 provides that a design patent infringer who "(1) applies the patented design, or any colorable imitation thereof, to any article of manufacture for the purpose of sale, or (2) sells or exposes for sale any article of manufacture to which such design or colorable imitation has been applied shall be liable to the owner [of the design patent] to the extent of his total profit."

D. Proceedings Below

In August 2010 Apple asked Samsung to stop copying the iPhone. JA429-433; Dkt. 1695 at 1958-1960. Rather than comply with that request, Samsung doubled down on its copying—releasing more infringing products and forcing Apple to bring this lawsuit.

Following a thirteen-day trial in 2012, a jury found Apple's three asserted design patents valid and infringed and awarded damages. JA272-280. The jury also found that Samsung's infringement of the D'677 and D'305 patents was willful. JA277.[3] After a partial retrial on damages for some of Samsung's infringing products, the district court entered judgment in Apple's favor. Pet. App. 5a.

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[3] Although the district court later granted judgment of no willfulness based on the objective reasonableness of Samsung's litigation defenses—a basis no longer independently sufficient to deny a willfulness claim, *Halo Elecs., Inc.* v. *Pulse Elecs., Inc.*, 136 S. Ct. 1923 (2016)—the district court did not disturb the jury's findings of subjective willfulness. Dkt. 2220 at 26-27, 30-32.

Leading up to the first trial, Samsung proffered a damages report by its expert Michael Wagner. In calculating design patent damages, Wagner's report sought to "[d]etermin[e] the profits of the accused products." JA67. Wagner's report never asserted that the relevant "articles of manufacture" for purposes of Apple's § 289 remedy were anything less than Samsung's entire phones. Accordingly, Wagner's report did not include any calculation of Samsung's profits for any individual smartphone components. JA64-67.[4]

Wagner did seek to "apportion" by trying to separate the portion of profits supposedly attributable "to the design-related IP at issue" from those attributable to other features, but not to any smaller "article of manufacture." JA67; *see generally* JA64-85. Based on surveys regarding consumers' reasons for purchasing smartphones generally, Wagner "apportion[ed] 1% of Samsung's profits" on the entire smartphone "to possible design elements allegedly taken from Apple." JA84. Wagner alternatively concluded that *none* of Samsung's profits were attributable to Apple's "asserted design-related IP," such that Apple's remedy under § 289 was zero. *Id.*[5] The district court excluded Wag-

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[4] In responding to the damages calculation set forth by Apple's expert, Wagner disputed only whether certain operating expenses (*e.g.*, advertising costs, depreciation, insurance, labor costs, office supplies) should be deducted when calculating Samsung's profits on its phones. JA55-64. Wagner never suggested that Apple's expert had erred by treating the entire smartphone as the article of manufacture. *Id.*

[5] Wagner also concluded that Apple was entitled to a paltry $1,152 as a lump-sum reasonable royalty for Samsung's sale of more than eight million smartphones that infringed Apple's design patents. Dkt. 3198 at 6; Dkt. 1597-1.

ner's effort to apportion Samsung's profits under § 289 as "contrary to law." JA87.

Just before trial, the parties submitted a joint pre-trial statement identifying disputed factual and legal issues. Dkt. 1189. In that filing, Samsung did not raise the identity of the infringing "article of manufacture" to which the patented design was applied as a disputed factual or legal issue. *Id.* In a subsequent trial brief, Samsung identified the article of manufacture as a *legal* issue for resolution by the district court, not the jury. Dkt. 1300 at 19-20.

At both trials, the parties presented expert testimony on design patent damages. Apple's experts Terry Musika and Julie Davis calculated Samsung's total profit for each infringing smartphone. *E.g.*, JA190-191, 290-292. In response, and consistent with his pre-trial report, Samsung's damages expert presented the jury with his own "calculation as to what Samsung's total profits were on the [infringing] *phones*." Dkt. 1842 at 3031 (emphasis added); *see also* JA334 (Wagner: "This is my calculation of ... the total profit of Samsung ... for the seven *products* that have been found to infringe the design patents." (emphasis added)); *see generally* Dkt. 1842 at 3021-3022; JA333-337. Samsung did not proffer any evidence or otherwise suggest to the jury that the infringing articles of manufacture were anything less than its entire smartphones. Nor did Samsung present any alternative damages evidence that would have allowed the jury to assess the "total profit" attributable to anything other than the whole phones.[6]

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[6] Apple presented additional evidence supporting that Samsung's smartphones (and not merely their glass front face, rim, and display screen) were the relevant "article[s] of manufacture" under § 289 because the look and feel of smartphones are inextricably

The district court gave the jury detailed instructions on the remedies available for design patent infringement. As relevant here, the instructions stated:

> In this case, Apple seeks Samsung['s] ... profits from sales of products alleged to infringe Apple's design patents. If you find infringement by any Samsung defendant and do not find Apple's design patents are invalid, *you may award Apple that Samsung defendant's total profit attributable to the infringing products.*
>
> The "total profit" of [Samsung] *means the entire profit on the sale of the article to which the patented design is applied*, and not just the portion of profit attributable to the design or ornamental aspects covered by the patent. "Total profit" does not include profit attributable to other products that may be sold in association with an infringing article embodying the patented design.
>
> If you find infringement by any Samsung defendant, Apple is entitled to all profit earned by that defendant on *sales of articles that infringe Apple's design patents.* Profit is determined by deducting certain expenses from gross revenue. Gross revenue is all of the infringer's receipts *from the sale of articles using any design found infringed.* Apple has the burden of proving the infringing defendant's gross revenue by a preponderance of the evidence.

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intertwined with customers' views of the devices' hardware, software, and overall appeal. *See* JA97, 107-110, 115-116, 121-122, 148-149, 310, 315-316, 326-327; Dkt. 1610 at 660-661.

JA269 (emphases added). This instruction closely tracked an instruction Samsung had proposed. *See* Dkt. 1232 at 210 (App. 3a-4a); Dkt. 1238 at 69 (App. 5a-6a); JA203-204. The only substantive difference was that the district court omitted Samsung's proposed "apportionment" language, which would have improperly allowed Samsung to reduce the remedy by attempting to prove "the portion of the profit attributable to factors other than use of the infringed design." JA204.

Samsung had also proposed an additional instruction, which would have instructed the jury in relevant part that:

> [t]he article of manufacture to which a design has been applied *is the part or portion of the product as sold that incorporates or embodies* the subject matter of the patent. Where the article of manufacture is a case or external housing of the device, then only the profits from the sale of the case or external housing of the device should be awarded. Under these instructions, an award of profits for design patent infringement *should not include profits earned from the technology by which the devices operate or from any other functions of the devices.*

JA207 (emphases added). The district court refused to give that instruction, which improperly suggested that the article of manufacture was necessarily only a "part or portion of the product as sold" and sought to require the jury to apportion damages among various "functions." *Id.*

In its post-trial motions, Samsung argued that the jury's award under § 289 "should be set aside for failure to apportion Samsung's profits between the patented designs and other non-patented elements of the devic-

es." Dkt. 2877 at 30 n.11; *see also* Dkt. 2013 at 18-19. The district court rejected Samsung's argument, ruling that "Congress specifically drafted the design patent remedy provisions to remove an apportionment requirement that the Supreme Court had imposed. Thus, there is simply no apportionment requirement for infringer's profits in design patent infringement under § 289." Pet. App. 133a.

On appeal, the Federal Circuit held that § 289's "clear statutory language"—which "explicitly authorizes the award of total profit"—and the legislative history showed that Samsung's desired "'apportionment' requirement" reflected an approach that "Congress rejected" for design patent infringement. Pet. App. 27a-28a. The Federal Circuit explained that Samsung's and its amici's "policy arguments" against this rule "should be directed to Congress" rather than the courts. *Id.* 28a n.1.

The Federal Circuit also rejected Samsung's argument that the jury should have been instructed, as a matter of law, that the "article of manufacture" must be limited to "'the portion of the product as sold that incorporates or embodies the subject matter of the patent.'" Pet. App. 29a (quoting Samsung C.A. Br. 38). In distinguishing Samsung's cited authorities, the Federal Circuit recognized that the relevant "article of manufacture" depends on the "factual situation" of the particular case. *Id.* The court explained that the "facts at hand are different" from prior cases invoked by Samsung: The record showed that Samsung's smartphones are a single, unitary "article of manufacture" because "[t]he innards of Samsung's smartphones were not sold separately from their shells ... to ordinary purchasers." *Id.* The Federal Circuit thus concluded that "there was no legal error in the jury in-

struction on the design patent damages." *Id.* The court also noted that "Samsung [did] not argue a lack of substantial evidence to support the damages awards under the district court's jury instruction." *Id.* Samsung's petition for rehearing and rehearing en banc was denied without dissent. *Id.* 154a-155a.

This Court denied Samsung's petition for certiorari insofar as it challenged the finding of infringement, such that it is now settled that Samsung infringed Apple's valid design patents. This Court granted certiorari on Samsung's second question presented, which challenges the award of the total profits on Samsung's infringing phones, as computed by the jury.

SUMMARY OF ARGUMENT

I. Section 289 provides that infringers of design patents are "liable ... to the extent of [their] total profit" on infringing articles of manufacture. Congress adopted this remedy immediately after this Court's *Dobson* decisions required design patent plaintiffs to apportion damages, manifestly intending to allow design patentees to recover the entirety, not merely a portion, of the defendant's profit on the infringing article. Congress explained that the *Dobson* decisions produced unjust results because "it is the design that sells the article, and so that makes it possible to realize any profit at all." 18 Cong. Rec. 834 (1887). Congress reaffirmed the total profit remedy in 1952, when it enacted § 289 in its current form. The judicial interpretation of § 289 has not wavered, and Congress's satisfaction with the statute is reflected by the lack of any amendment for more than sixty years.

Samsung's efforts to read an apportionment requirement into the statute are misplaced. Samsung re-

lies on language in § 289 that is directed to the prevention of double recovery and case law interpreting different statutes with different histories. Samsung's invocation of "background principles" cannot overcome Congress's evident intent, expressed in the clear text and legislative history. The Court should decline to reinstate an apportionment rule that Congress plainly rejected.

As the government explains (Br. 16), determining the relevant "article of manufacture" on which the infringer's "total profit" should be awarded is, when disputed, a factual question for the jury. The defendant bears the burden of establishing that the infringing "article of manufacture" is anything less than the product as sold. The decisions below are perfectly consistent in treating the article of manufacture as a factual question; nothing in the jury instructions or the Federal Circuit's decision suggested that the relevant article of manufacture must always be the entire product as sold. Rather, the district court left the issue to the jury, and the Federal Circuit recognized that the outcome turned on "[t]he facts at hand." Pet. App. 29a.

No remand is warranted because Samsung failed to offer evidence supporting any outcome other than the jury's conclusion that Samsung's entire smartphones are the infringing articles of manufacture to which the patented designs were applied. Indeed, Samsung's own damages expert calculated § 289 profits only on the infringing smartphones in their entirety, and Samsung never argued to the jury that the relevant articles were anything other than its smartphones. Samsung objects that the district court erred in failing to give a requested instruction regarding the "article of manufacture," but Samsung's proposed instruction contained numerous legal errors and was unsupported by the evidence.

The government's suggestion (Br. 31) for a remand is based on one sentence in the instruction given by the district court, which stated that the jury "may award Apple" Samsung's "total profit attributable to the infringing products." JA269. But that statement was adapted from language *Samsung* proposed, and Samsung never objected to, or appealed, the court's adoption of Samsung's proffered verbiage. Any error would be harmless in light of Samsung's utter failure to proffer evidence, and there was no error in any event; the instructions as a whole repeatedly told the jury that the total profit award should be based "on sales of *articles* that infringe Apple's design patents" and did not prejudge the identification of those articles. *Id.* (emphasis added). Accordingly, the Court should affirm, not remand.

II. Samsung's speculative policy arguments do not warrant a different result. Section 289 reflects Congress's sound judgment about the significant value of design and the difficulty in apportioning damages when design patents are infringed. Samsung's unsupported assertions about the effects of § 289 are for Congress, not this Court. If anything, altering the longstanding balance struck by Congress would have a significant negative impact on American industry. As amici explain, Samsung's requested changes would empower counterfeiters and producers of knock-offs, leading to reductions in investment in industrial design, an important sector of our national economy.

Samsung ventures that the Federal Circuit's decision will lead to various bad outcomes. But the Federal Circuit did nothing new in this case, and Samsung fails to explain why the Federal Circuit's straightforward application of long-settled law will yield a parade of horribles that has not arisen in the nearly 130 years

since Congress enacted the total profit remedy. Samsung's far-fetched hypotheticals regarding disproportionate awards are addressed by this Court's test for design patent infringement, under which a jury would never confuse a car with a cupholder design. A variety of established mechanisms—such as interpleader, impleader, equitable assignment, and exoneration—exist to avoid an inequitable multiple recovery. Samsung's overblown concerns about non-practicing entities pursuing innocent infringers are not borne out in reality. And they certainly have nothing to do with this case, which involves a sophisticated corporation's deliberate copying of the innovative designs of a major competitor.

ARGUMENT

I. SECTION 289 PERMITS RECOVERY OF THE TOTAL PROFIT EARNED ON THE RELEVANT ARTICLE OF MANUFACTURE, IDENTIFICATION OF WHICH IS A QUESTION OF FACT

A. Text, History, And Longstanding Judicial Interpretation Permit Recovery Of The Infringer's Total Profit On The Article Of Manufacture To Which The Patented Design Is Applied

"[C]ourts must presume that a legislature says in a statute what it means and means in a statute what it says." *Connecticut Nat'l Bank* v. *Germain*, 503 U.S. 249, 253-254 (1992). Section 289 is clear. It provides that whoever "applies [a] patented design, or any colorable imitation thereof, to any article of manufacture for the purpose of sale," or "sells or exposes for sale any article of manufacture to which such design ... has been applied shall be liable to the owner to the extent of his total profit." The Federal Circuit thus unremarkably held that § 289's text "explicitly authorizes the award of

[the infringer's] total profit from the article of manufacture bearing the patented design." Pet. App. 28a. As the Solicitor General correctly notes (Br. 11), "total profit" is unambiguous—total means the "entirety." The source of the "total profit" for which the infringer "shall be liable" is also clear—it is sale of the "article of manufacture to which the design has been applied." *Id.*

The statute's plain meaning is bolstered by its history and purpose. In the mid-1880s, this Court limited design patent damages to "the proportionate amounts [of profit] that were proven to be attributable to the patented feature." *Nike, Inc.* v. *Wal-Mart Stores, Inc.*, 138 F.3d 1437, 1441 (Fed. Cir. 1998) (discussing *Dobson* v. *Dornan*, 118 U.S. 10 (1886); *Dobson* v. *Hartford Carpet Co.*, 114 U.S. 439 (1885)). Congress expressed concern that, under the *Dobson* decisions, "the design patent laws provide no effectual money recovery for infringement," 18 Cong. Rec. 834 (1887), and responded by creating a special "rule of recovery for design patents," *id.*, that entitled the patent owner to recover an infringer's total profit "from the manufacture or sale ... of the article or articles to which the design, or colorable imitation thereof, has been applied," Act of Feb. 4, 1887, ch. 105, § 1, 24 Stat. 387, 387; *see supra* pp. 17-18. Congress thought it "expedient that the infringer's entire profit ... should be recoverable, as otherwise none of his profit can be recovered, for it is not apportionable; and it is just that the entire profit ... should be recoverable ... , for it is the design that sells the article, and so that makes it possible to realize any profit at all." 18 Cong. Rec. 834. As the Second Circuit explained soon thereafter, the 1887 statute entitled the patent owner to "the total profit from the manufacture or sale of the article to which the [patented] design was

applied." *Untermeyer* v. *Freund*, 58 F. 205, 212 (2d Cir. 1893).

Congress has repeatedly revised the patent statutes since 1887, but has always retained the total profit remedy for design patent infringement. Quite the contrary, "[i]n 1946, Congress abolished the recovery of infringer profits for infringement of *utility patents* but left unchanged the special 'total profit' provision for design patents." 7 *Chisum on Patents* § 20.03[5] (2014) (emphasis added). And in 1952 Congress reaffirmed that remedy by enacting § 289, which continues to provide that a design patent owner is entitled to the infringer's "total profit" from the sale of the infringing article of manufacture.[7]

Congress's preservation of the "total profit" remedy is particularly significant given its longstanding judicial interpretation. *See Microsoft Corp.* v. *i4i Ltd. P'ship*, 564 U.S. 91, 113 (2011) (upholding Federal Circuit's interpretation of 35 U.S.C. § 282 where, "[f]or nearly 30 years, the Federal Circuit has interpreted § 282 as we do today" without congressional disapproval). Courts have continually reaffirmed that both § 289 and its predecessor establish a "total profit" remedy, without apportionment. *E.g.*, *Nike*, 138 F.3d at 1442 ("The difference for design patents, as enacted in 1887, was the removal of the need to apportion the infringer's profits between the patented design and the article bearing the design."); *Trans-World Mfg. Corp.* v. *Al Nyman & Sons, Inc.*, 750 F.2d 1552, 1567 (Fed. Cir. 1984) (§ 289's predecessor rejected the *Dobson* rule

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[7] The 1952 Act did not convert the "total profit" remedy into a strict liability remedy. *Contra* Pet. Br. 16. A patentee still must satisfy the notice and marking requirement. *Nike*, 138 F.3d at 1446.

that "an apportionment was required"); *Schnadig Corp.* v. *Gaines Mfg. Co.*, 620 F.2d 1166, 1171 (6th Cir. 1980) (explaining that the purpose of § 289 "is to place the patentee in the shoes of the infringer"); *Henry Hanger & Display Fixture Corp. of Am.* v. *Sel-O-Rak Corp.*, 270 F.2d 635, 643-644 (5th Cir. 1959) ("Profits of the [design patent] infringer are evidence of the damages sustained by the holder of the patent and may be the measure of damages."); *Untermeyer*, 58 F. at 212 (noting Congress's intent to "distinguish[] from the pre-existing rule," which limited a patent owner's recovery to "the profit which could be proved attributable to the design"); *Bergstrom* v. *Sears, Roebuck & Co.*, 496 F. Supp. 476, 495 (D. Minn. 1980) ("[I]t is unlikely that Congress would have used such all encompassing language if it intended that a design patentee could only recover profits attributable solely to the design or ornamental qualities of the patented article.").[8]

B. Section 289 Does Not Permit, Much Less Require, Samsung's Desired Apportionment Of Profits

In the face of the statute's text, history, and purpose, Samsung nonetheless argues that § 289 requires a design patent plaintiff to apportion profits attributable

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[8] Congress's determination is so clear that some of Samsung's own amici (before becoming amici) publicly admitted that failing to award Apple "Samsung's entire profits" in this case would have been "wrong as a matter of law." Lemley, *A Rational System of Design Patent Remedies*, 17 Stan. Tech. L. Rev. 219, 220-221 & n.3 (2013); *see also id.* at 223 ("By its terms, [§ 289] provides that design patent cases can no longer apportion damages."); Risch, *Functionality and Graphical User Interface Design Patents*, 17 Stan. Tech. L. Rev. 53, 60 (2013) ("[D]esign patents allow for much greater damages [than copyright]: all of the defendant's profits.").

to the claimed design from profits attributable to "hundreds of thousands of other functional features having nothing to do with any patented design." Pet. Br. 25. Samsung is flatly wrong.

1. Samsung relies (Br. 34-35) on the final phrase of § 289, which provides that the patent holder "shall not twice recover the profit made from the infringement." Samsung provides no convincing reason why this language should be read as a backhanded contradiction of the clear language about the patentee receiving "total profit." *See supra* pp. 28-29. In fact, the House Committee on Patents explained the purpose of the second paragraph of § 289 and its predecessor: It simply "save[s] all the rights of defendants against any possible double recovery for the same infringement." 18 Cong. Rec. 834; *see also Catalina Lighting, Inc.* v. *Lamps Plus, Inc.*, 295 F.3d 1277, 1291 (Fed. Cir. 2002) (this language "insure[s] that a patentee [can]not recover both the profit of an infringer and some additional damage remedy from the same infringer, such as a reasonable royalty" (internal quotation marks omitted)).

Samsung claims (Br. 34-35) that *Sheldon* v. *Metro-Goldwyn Pictures Corp.*, 309 U.S. 390 (1940), "enforced a similar limitation" in the Copyright Act of 1909 to impose an apportionment requirement. But *Sheldon* relied heavily on the fact that Congress intended the infringer's profits remedy for copyright infringement to resemble the remedy for *utility* patent infringement, which does require apportionment. 309 U.S. at 399-404. Not only did the Copyright Act's legislative history have "no suggestion that Congress intended that the award of profits should be governed by a different principle in copyright cases [compared to utility patent cases,] but the contrary is clearly indicated by the committee reports on the bill." *Id.* at 400. In contrast, the de-

sign patent statute and its legislative history make crystal clear that Congress viewed utility patent "remedies to be wholly and essentially inapplicable to the case of a consummated infringement of a design patent." 18 Cong. Rec. 834. Because design patent laws are in relevant part "unlike other patent laws"—and thus unlike copyright—Congress specifically decided to provide "a new rule of recovery for design patents." *Id.*

Samsung also relies (Br. 41-42) on an isolated statement from the bill's sponsor. But Representative Martin admitted that he did "not pretend to be as familiar with the language employed about patents as, perhaps, I ought to be," and then acknowledged that the 1887 Act does indeed give the patentee the ability to recover "the total earnings of the business from th[e] source" of the infringement. 18 Cong. Rec. 835-836. The House Committee report—which is necessarily more probative of the provision's meaning—clearly states that "[t]he patentee recovers the profit actually made on the infringing article ... , that is, what the infringer realized from the infringing articles minus what they cost him." *Id.* at 834; *see also* Du Mont & Janis, *American Design Patent Law: A Legal History, Ch. 6—Design Patent Remedies* 39-41 (May 26, 2016) ("Whereas the House and Senate reports are definitive in their rejection of an apportionment requirement, the record of the House floor debate included isolated remarks that cloud the issue if taken out of context.").

2. Samsung's invocation of "background principles of causation and equity" (Br. 35-39) is likewise misplaced. The entire purpose of § 289 and its predecessor was to create a design patent infringement remedy that differed from the limited remedy previously articulated in this Court's *Dobson* cases because Congress determined that although design drives sales—a

main reason for affording patent protection for innovative designs in the first place—the value of design is very difficult to apportion. *See supra* pp. 17-18. This is not a case in which a departure "'from the long tradition of equity practice [was] lightly implied.'" *eBay Inc.* v. *MercExchange, L.L.C.*, 547 U.S. 388, 391 (2006). The statutory text is clear, the legislative purpose and history are unequivocal, and the judicial interpretation of the damages remedy has been unwavering. *Cf. CSX Transp., Inc.* v. *McBride*, 564 U.S. 685, 691-692 (2011) (recognizing congressional intent to depart from common law in light of statutory text and purpose). And Congress has repeatedly revised the patent laws with no suggestion that it wished to dial back design patent remedies to pre-1887 days.[9]

Samsung's reliance on the canon of constitutional avoidance (Br. 38-39) is similarly misguided. The Second Circuit long ago rejected a challenge to the constitutionality of § 289's predecessor. *Untermeyer*, 58 F. at 210-211, *aff'g Untermeyer* v. *Freund*, 50 F. 77, 78 (S.D.N.Y. 1892) ("The [A]ct of 1887 is constitutional."). And the nineteenth-century "scholars" Samsung invokes (Br. 39) are actually just one attorney, Frederic H. Betts, who represented the losing party in *Untermeyer* and whose views on the matter are at least open to serious question. 58 F. at 206; *Untermeyer*, 50 F. at 78; *see also* Du Mont & Janis, *American Design Patent Law* 44 ("The constitutional argument was strained, and Betts made little headway with it.").

Graham v. *John Deere Co. of Kansas City*, 383 U.S. 1, 3 (1966), is likewise inapposite—it speaks to constitu-

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[9] Although it was not required to do so, Apple presented evidence showing a causal relationship between smartphone design and sales. *E.g.*, JA104-105, 109, 400, 435, 439-440, 471, 473, 475.

tional limits on *patentability*, not limits on *remedies* for infringement of validly issued patents. Neither § 289 nor the courts' interpretation of it enlarged the patent monopoly. Rather, the statute merely provides that, when a design patent is held valid and infringed—as Apple's were—there is a sufficient connection to the sale of any "article of manufacture" to which the patented design was applied to justify an award of the infringer's total profit. 18 Cong. Rec. 834 ("[I]t is just that the entire profit on the article should be recoverable ... by the patentee, *for it is the design that sells the article*." (emphasis added)). Congress has recognized for well over a century that an article's design is inextricably linked to its value and success, *Gorham Co.* v. *White*, 81 U.S. (14 Wall.) 511, 525 (1872), and sought to ensure that design patent owners were appropriately compensated for infringement after the *Dobson* cases erected an undesirable barrier. Congress was well within its constitutional authority to so decree.

C. Determining The "Article Of Manufacture" On Which Total Profit Is Recoverable Is A Question Of Fact

Samsung argues that the infringing article of manufacture for which total profits may be awarded "*could be* something less than an entire product as sold." Br. 29 (emphasis added). Apple agrees. The statutory scheme does not create—and the courts below did not apply—any *per se* rule that infringement of a design patent that covers only a portion of a device *always* entitles the plaintiff to an award of total profit on the entire device. Rather, where the identity of the article of manufacture is genuinely disputed, the matter is a question of fact to be decided by the jury.

As the government acknowledges (Br. 17), "[t]he phrase 'article of manufacture' ... encompasses any item that is made by human labor, including manufactured items that are not sold as separate commodities but instead function as components of a larger product." *See also* Pet. Br. 30 ("An 'article of manufacture' is simply a particular thing made by human skill."). The broad definition given to "article of manufacture"—that it may include a complete final product or a component thereof—flows naturally from the definition given to "article of manufacture" and "manufacture" in other provisions of the Patent Act. *E.g.*, *American Fruit Growers, Inc.* v. *Brogdex Co.*, 283 U.S. 1, 11 (1931) (construing "manufacture" in 35 U.S.C. § 101 to mean "anything made for use from raw or prepared materials"); *In re Hruby*, 373 F.2d 997, 1000 (C.C.P.A. 1967).

The agreement among Samsung, the government, and Apple that "article of manufacture" encompasses anything made by human labor negates any attempts to limit § 289 to "decorative" articles. Pet. Br. 14, 40; Internet Ass'n Br. 17. The statute is nowhere limited to particular types of articles, and Congress is presumed to have been aware that design patents were issued on a variety of complex industrial products. *See supra* pp. 14-16.

Moreover, it was not unusual for complex items to be covered by multiple patents, including design and utility patents. Thomas Edison held both utility and design patents on light bulbs. *E.g.*, U.S. Patent Nos. 223,898 (1880), 239,149 (1881), 239,153 (1881), D12,631 (1881), D13,940 (1883). Some individuals held telephone design patents as well as utility patents directed to a telephone's technical features. *E.g.*, U.S. Patent Nos. 226,528 (1880), 243,274 (1881), 244,625 (1881), 248,821

(1881), 287,301 (1883) (telephone utility patents assigned to inventors of U.S. Design Patent No. D12,179 (1881) (*supra* p. 16)). And design patents often covered only a portion of a product. For instance, many design patents covered designs of coffin parts—several issued in 1884 alone—such that it was conceivable that a single casket could incorporate four different patented designs. *E.g.*, D15,033 (casket handle); D15,014 (casket knob); D15,043 (coffin screw); D14,641 (casket plate).

Congress would have been aware of design patent practice in 1887 and when it reaffirmed the total profit remedy in 1952. *Cf. Forest Grove Sch. Dist.* v. *T.A.*, 557 U.S. 230, 239-240 (2009). Congress thus chose this remedy for *any* article of manufacture, whether simple or complex, to which a patented design was applied.[10]

Of course, the fact that the relevant article of manufacture "could be" less than an entire product (Pet. Br. 29) does not mean that it *must* be. Rather, the government is right that, "[w]ith respect to some multi-component products, the finished product as sold in

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[10] The issuance of numerous patents on "complex devices" refutes amici's assertion that such devices did not qualify as "articles of manufacture" and were not "eligible for design patents" in the late nineteenth century. Internet Ass'n Br. 16. The Patent Office at one point rejected some designs for machines with "movable parts whose change in position changes the appearance of the device" because designs that "relate solely to shape or configuration [of] their subject-matter must be of a fixed and definite shape." *Ex parte Steck*, 98 O.G. 228, 230 (1901); *see also Ex parte Adams*, 84 O.G. 311, 311 (1898) ("If the parts are movable, the structure presents a great variety of forms instead of being limited to a single shape or configuration of an article of manufacture" as required by the statute in force). None of those decisions suggests that "complex devices" were ineligible for design patent protection—many were not only patent-eligible, but actually patented.

commerce is most naturally viewed as the article to which the patented design is 'applied.'" U.S. Br. 18.[11]

As the government correctly recognizes (Br. 29), "[t]he task of identifying the relevant article of manufacture is properly assigned to the finder of fact." Infringement of a design patent occurs when an "ordinary observer, giving such attention as a purchaser usually gives," determines that "two designs are substantially the same"—an inquiry that is undisputedly a question of fact. *Gorham*, 81 U.S. (14 Wall.) at 528; *Egyptian Goddess, Inc.* v. *Swisa, Inc.*, 543 F.3d 665, 680-683 (Fed. Cir. 2008) (en banc); *Amini Innovation Corp.* v. *Anthony Cal., Inc.*, 439 F.3d 1365, 1371-1372 (Fed. Cir. 2006). Similarly, the identification of the relevant article of manufacture for damages purposes is factual—just like every other damages issue. *E.g.*, *Pearson* v. *Duane*, 71 U.S. (4 Wall.) 605, 614 (1867) ("The damages are a matter which are in the nature of a finding by a jury."); *accord Story Parchment Co.* v. *Paterson Parchment Paper Co.*, 282 U.S. 555, 562 (1931).

The government is also correct (Br. 30) that if the defendant contends that something less than the infringing product is the "article of manufacture" for § 289 purposes, then "[t]he defendant should bear the burden of producing evidence that the relevant 'article

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[11] Amicus CCIA asserts that allowing "article of manufacture" to encompass an entire product is "inconsistent with Congress's usage of the term 'article of manufacture'" in the 1998 Vessel Hull Design Protection Act ("VHDPA"). CCIA Br. 4. Not so. That statute—enacted more than a century after the 1887 Act—provides protection for "useful article[s]" (*i.e.*, vessel hulls) that are incorporated into "product[s] of manufacture" (*i.e.*, boats). 17 U.S.C. §§ 1301(a)(1), 1309(d). The VHDPA does not define "article of manufacture" and uses that term only once, in a section describing design patent protection. *Id.* § 1329.

of manufacture' ... is a portion of an entire product as sold." Where the issue is disputed, the government identifies (Br. 27-29) from the case law various factors that a factfinder may use to determine the relevant "article of manufacture" for which "total profit" may be awarded. This Court need not decide the exact contours of the article of manufacture inquiry in this case because Samsung accepted that the articles of manufacture for purposes of calculating damages were the entire phones. Indeed, Samsung's expert calculated damages only based on the entire phones and testified accordingly. *See supra* pp. 2[illegible]21.[12]

The cases Samsung cites (Br. 32-34) are consistent with the understanding that identifying the article of manufacture is a question of fact evaluated on a case-by-case basis. In the *Piano Cases*, the Second Circuit recognized that the article of manufacture is "impossible to define in advance": "Probably each solution depends on the relation to the business whole of the part embodying the patent, and that relation must be considered from all viewpoints, technical, mechanical, popular, and commercial." *Bush & Lane Piano Co.* v.

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[12] Any suggestion that the article referenced in the patent is dispositive is misplaced. Design patents may only be issued on "any new, original and ornamental design for *an* article of manufacture," meaning that the patented design must be applied to or embodied by some tangible thing, which is identified in the patent (*e.g.*, a design for a street car). 35 U.S.C. § 171 (emphasis added); *see also* MPEP § 1503.01. Yet "[i]t is well settled that a design patent may be infringed by articles which are specifically different from that shown in the patent." *In re Rubinfield*, 270 F.2d 391, 393 (C.C.P.A. 1959). Correspondingly, § 289 states that a patentee may seek total profits when a patented design is applied to "*any* article of manufacture," meaning that the relevant article for § 289 purposes may be "any" infringing article, not just the article referenced in the patent.

Becker Bros., 234 F. 79, 81-82 (2d Cir. 1916) ("*Piano II*"). Although that court concluded that the piano case (which at the time was manufactured separately from the musical instrument) was the relevant article, it noted that there were other circumstances where "the design is inseparable from the article to which it is attached, *or of which it is a part.* A design for a spoon handle, for instance, cannot be separated from the completed spoon." *Bush & Lane Piano Co.* v. *Becker Bros.*, 222 F. 902, 904 (2d Cir. 1915) ("*Piano I*") (emphasis added). Accordingly, the Second Circuit considered "evidence" in the record to "confirm[]" its view that the piano case was the relevant article of manufacture, including that "[t]he cost of each separate element of the finished product is known," "there was just as large profit (proportionally) on the ornamented and infringing casing, which attracted the customer's eye, as upon the piano mechanism, which pleased the ear," *Piano II*, 234 F. at 81-82, and "[a] purchaser desiring a piano of a particular manufacturer may have the piano placed in any one of several cases dealt in by the maker," *Piano I*, 222 F. at 903.

Similarly, in *Young* v. *Grand Rapids Refrigerator Co.*, 268 F. 966, 974 (6th Cir. 1920), the design patent was on the "sheet metal shell or casing which surrounds the mechanism of [a refrigerator] latch, and was attached to the refrigerator as part of the latch structure." The *Young* court rejected the idea that the refrigerator was the relevant article of manufacture because, on the record before it, the patentee did not "seriously contend[] that all the profits from the refrigerator belonged to" him. *Id.* Nevertheless, the panel did consider the particular facts of the case in determining whether to "treat the latch and casing together as a unit," ultimately declining to do so because the "d[e]-

fendant did not sell them in th[e] form [of a unit], unless for occasional replacement." *Id.*

And in *Trans-World Manufacturing*, the plaintiff sought profits from "the sale of eyeglasses sold from the infringing display racks." 750 F.2d at 1566-1567. The court had no trouble concluding that the eyeglasses were not the articles of manufacture "to which the patented design ha[d] been applied" because the patented design was for the display case, not the eyeglasses, and the defendant did not even sell the display case. *Id.* at 1567.

The government (Br. 10) misunderstands the Federal Circuit to have ruled as a matter of law that the relevant article of manufacture must "always be the finished product as sold to end-users." The government cites no specific language in the Federal Circuit's opinion reflecting such a holding, and even seems uneasy with its own characterization, repeatedly hedging it as only an "apparent" conclusion. *Id.*; *see also id.* 16, 23. In fact, the Federal Circuit's opinion is fully consistent with the government's approach, specifically stating that the identification of the "article of manufacture" turned on the "factual situation" of the particular case and explaining that the "facts at hand are different" from the cases Samsung invoked. Pet. App. 29a.

D. Remand Is Neither Necessary Nor Appropriate

Apple agrees with the government that § 289 entitles Apple to Samsung's "total profit" on the infringing articles of manufacture, without apportionment; that identifying the articles of manufacture is a factual determination; and that Samsung bore the burden of producing evidence that the relevant articles of manufacture were anything other than the entire smartphones.

But the government is wrong in suggesting (Br. 32) that this Court should remand the case "to allow the lower courts to determine whether a new trial is warranted." That suggestion rests on the government's uncertainty "whether [Samsung] presented evidence at trial to support [its] assertion that the relevant articles of manufacture were components of the phones." *Id.* In fact, the record is crystal clear: Samsung proffered no evidence that the relevant articles of manufacture were anything other than Samsung's entire infringing smartphones, and it never disclosed such a theory in its expert's report or argued the point to the jury. Based on that record, and deliberating under correct instructions, the jury reached the only reasonable conclusion—that the articles of manufacture were the entire smartphones—and Samsung declined to appeal that verdict for lack of substantial evidence. No remand is warranted.

1. The government does doubt (Br. 32) whether Samsung "satisfied [its] burden of producing evidence to support" the argument it now makes that the relevant articles of manufacture are something less than the entire smartphones. In fact, Samsung never identified any smartphone component as the article of manufacture for the jury, nor did it present any calculation of profit on any smartphone component. Samsung now attempts (Br. 54-55) to define "the relevant article[s]" as "the round-cornered, glass front face of the smartphone" for the D'677 patent, "the round-cornered, glass front face of the smartphone plus its surrounding rim" for the D'087 patent, and "the display screen that sits beneath a smartphone's glass front face" for the

D'305 patent. But nowhere in the district court record did Samsung suggest such narrow definitions.[13]

Moreover, Samsung presented no witness to testify that the articles of manufacture were limited to any particular smartphone components, and it made no such argument to the jury. As Samsung concedes, "the record contains no proof of total profit from" the smartphone components that Samsung now claims are the relevant articles of manufacture. Pet. Br. 54 (capitalization altered). That is because Samsung presented damages evidence under § 289 based only on the entire smartphones. Its damages expert, Wagner, calculated total profits on each entire infringing smartphone—not on the glass front face, rim, display screen, or any other component—and he testified at trial as to total profits only on the infringing products.[14] Samsung also did not call any design expert to identify the relevant articles of manufacture for the jury or to contest design patent infringement. Nor did Samsung use any other witness to identify the relevant articles of manufacture as

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[13] Indeed, Samsung's conception of the article of manufacture has evolved as the case has progressed. Samsung's trial brief indicated that it believed the articles of manufacture for the D'677 and D'087 patents were the "cases" of the infringing devices. Dkt. 1300 at 19. Samsung's trial brief and proposed instructions did not even attempt to define the article of manufacture for the D'305 patent. Dkt. 1300 at 19-22; JA207; *see also* U.S. Br. 33 n.8.

[14] Wagner was not precluded from calculating Samsung's total profit on smartphone components, but he never disclosed any such theory in an expert report. The district court precluded only Wagner's "apportionment" theory, whereby he concluded that the value of the infringing design features was 1% of the entire smartphones based upon consumer surveys concerning the importance of design generally, as inconsistent with § 289. *See supra* pp. 20-21; U.S. Br. 32-33 n.7.

something less than the complete phone. In short, Samsung offered the jury no basis on which it could calculate total profit under § 289 on any "article of manufacture" other than the whole smartphone.

In contrast, Apple introduced significant evidence supporting the conclusion that the articles of manufacture were Samsung's infringing smartphones. Like Samsung's expert, Apple's damages experts calculated Samsung's "total profit" under § 289 based on the entire smartphone. *See supra* p. 21. Apple also presented evidence supporting that Samsung's smartphones (and not merely their glass front face, rim, and display screen) were the relevant "article[s] of manufacture" because Samsung's smartphones are sold as single, unitary articles to ordinary purchasers, and their infringing designs are closely intertwined with the phones' hardware and software to create the products' overall look and feel. *See supra* p. 21 n.6; Pet. App. 29a.

2. Given that record, the district court was correct to reject Samsung's proposed instruction that "'[t]he *article of manufacture* to which a design has been applied is the *part or portion of the product as sold* that incorporates or embodies the subject matter of the patent.'" JA207; *see* Pet. Br. 59. A district court need not give an instruction when—as here—the instruction is not supported by the evidence. 9C Wright & Miller, *Federal Practice & Procedure* § 2556 (3d ed. 2008). Samsung's proposed instruction would have required the jury, as a matter of law, to treat the infringing articles of manufacture as only a "part or portion of the product as sold that incorporates or embodies the subject matter of the patent." JA207; Pet. App. 29a. On this record, however, the jury could reasonably conclude only that the articles of manufacture were the entire phones. The lower

courts were correct to conclude that Samsung was not entitled to its proposed instruction.

Moreover, Samsung's proposed instruction was an erroneous statement of the law, because it also stated that "an award of profits for design patent infringement should not include profits earned from the technology by which the devices operate or from any other functions of the devices." JA207. That statement would have required the jury to apportion damages between design and functional elements, which (as discussed above, pp. 31-35) is inconsistent with § 289. *See Transportation Line* v. *Hope*, 95 U.S. 297, 301 (1877) ("If a request to charge contains one unsound proposition, it is not error to refuse to make the charge, although it contains many sound propositions.").

3. The government (Br. 31) and Samsung (Br. 58) quibble with the district court's instruction that the jury "may award Apple" Samsung's "total profit attributable to the infringing *products*." JA269 (Final Instruction No. 54) (emphasis added). But this language tracks an instruction *Samsung* proposed; the instruction itself, taken as a whole, is entirely correct; and in any event, even if there were any error in the instruction, it was necessarily harmless in light of the evidence, because no reasonable jury could conclude on this record that the articles of manufacture were anything *other* than the entire phones. *See Neder* v. *United States*, 527 U.S. 1, 19-20 (1999) (holding instructional error harmless).

Samsung itself proposed an instruction stating that: "[I]f you find infringement by Samsung ..., you may award Apple Samsung['s] ... total profit on sales of *products* alleged to infringe Apple's design patents." Dkt. 1232 at 210 (App. 3a) (Samsung's Proposed Instruction No. 54) (emphasis added). Samsung "can

hardly criticize the instruction the [d]istrict [c]ourt gave the jury, as it was essentially the instruction [Samsung] proposed." *Hana Fin., Inc.* v. *Hana Bank*, 135 S. Ct. 907, 912 (2015); *see also Federal Practice & Procedure* § 2558 ("[A] party who requests a jury instruction cannot complain if the instruction, or one substantially like it, is given by the trial judge."). At no point before the district court did Samsung object to its own proposed language as a misstatement of the law, and neither Samsung's briefs to the Federal Circuit nor its petition for certiorari asserted that sentence as instructional error. *See* Samsung C.A. Br. 38; Samsung C.A. Reply Br. 14-18; Pet. 26-32.[15] Accordingly, any objection to that language is waived and constitutes at most an "invited error" not warranting this Court's intervention. *See City of Springfield* v. *Kibbe*, 480 U.S. 257, 258-259 (1987) (per curiam) (refusing to address petitioner's challenge to jury instruction where "petitioner did not object to the jury instruction ... , and indeed proposed its own instruction to the same effect[,]" noting that "there would be considerable prudential objection to reversing a judgment because of instructions that petitioner accepted, and indeed itself requested").[16]

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[15] Because Samsung did not challenge this instruction in its petition, Apple's brief in opposition had no occasion to explain Samsung's waiver. This does not prevent this Court's consideration of the waiver because Apple does not assert it as an obstacle to "consideration of [the] question presented," S. Ct. R. 15.2, but rather as a reason to reject Samsung's and the government's position that this instruction somehow favors a remand.

[16] Although Samsung reworded its instruction in a later proposal to change the word "products" to "articles," JA203, it neither highlighted the change nor objected to the district court's inclusion of Samsung's original language in the final instruction as given.

In any event, and as Samsung's failure to object suggests, there was no error, especially when the particular sentence is read in the context of the jury instructions as a whole. *See Jones* v. *United States*, 527 U.S. 373, 391 (1999) (jury "instructions must be evaluated not in isolation but in the context of the entire charge"). Although this single sentence used the word "product," it simply recognized that the jury *may* find the whole phone to be the infringing article of manufacture; it did not require such a finding. To the contrary, the rest of the instruction, which also closely tracks language Samsung proposed, made clear that, if the jury found "infringement by any Samsung defendant, Apple is entitled to all profit earned by that defendant on sales of *articles* that infringe Apple's design patents." JA269 (emphasis added). The instruction defined "total profit" to "mean[] the entire profit on the sale of the *article* to which the patented design is applied, and not just the portion of profit attributable to the design or ornamental aspects covered by the patent." *Id.* (emphasis added); *compare* JA203 (Samsung's proposed instruction defining "total profit" as "the entire profit on *the sale of the article to which the patented design is applied*, or with which it is used and not just the portion of profit attributable to the design" (emphasis added)).[17] The instruction given also stated that profit is calculated by deducting certain expenses

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[17] Samsung's brief seeks to evade the district court's references to the "article" by selectively quoting and altering the given instruction's definition of "total profit"—namely, by substituting the words "the phone" for the given instruction's phrase "the sale of the article to which the patented design is applied." *Compare* JA269, *with* Pet. Br. 20-21 ("'total profit' … 'means the entire profit on' *the phone* and 'not just the portion of profit attributable to the design'" (emphasis added)).

from gross revenue, where "[g]ross revenue is all of the infringer's receipts from the sale of *articles* using any design found infringed." JA269 (emphasis added); *see also* JA204 (Samsung's proposed instruction containing same language).[18]

In short, the district court's instruction did not prejudge the "article of manufacture" for the jury, but permitted the jury to find something less than the entire phones to be the articles of manufacture.[19] The jury necessarily rejected that conclusion because Samsung presented no evidence to justify it. *See supra* p. 21.

Samsung could in theory have challenged the jury's verdict as unsupported by substantial evidence. But it did not do so, as the Federal Circuit recognized and Samsung does not deny. Pet. App. 29a ("Samsung does not argue a lack of substantial evidence to support the damages awards under the district court's jury instruction."). Such an argument would have failed in any

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[18] Because the district court's instruction already permitted the jury to determine that the relevant article of manufacture was the entire phone or something less than the entire phone, JA269, the court was justified in not separately instructing the jury that "[t]he article to which Apple's design was applied may be the same as or different from Samsung's devices as sold because devices offered for sale may incorporate a single article of manufacture or several articles of manufacture," JA207 (Samsung's Proposed Instruction No. 42.1); *see* U.S. Br. 32. As a result, Samsung has rightly never challenged the omission of this particular sentence as error.

[19] Indeed, the district court *rejected* Apple's request that the jury be told—as the one-sided record required—that "total profit" in this case must "include the entire profit on the sale of *products* with patented designs, and not just the portion of profit attributable to the design." JA200 (emphasis added).

event, as Samsung's damages expert never contended that the relevant "article[s] of manufacture" were anything other than the entire phones, and substantial evidence demonstrated the connection that ordinary observers made between the patented designs and entire smartphones. *See supra* pp. 20-21 & n.6. Accordingly, a further remand in this already lengthy litigation would be futile and wasteful.[20]

II. SECTION 289 REFLECTS SOUND PATENT POLICY, AND ANY REEXAMINATION IS FOR CONGRESS

A. Section 289 Provides A Much-Needed Remedy For The Special Harm Of Design Patent Infringement

The remainder of Samsung's arguments consists of efforts to encourage this Court to revise § 289 to implement Samsung's desired patent policies. But Congress has already weighed the policy considerations and enacted § 289 to fulfill an important objective: to ensure that design patent owners have an effective remedy for infringement, which Congress found the *Dobson* cases' apportionment requirement had eliminated. 18 Cong. Rec. 834-836; S. Rep. No. 49-206, at 1 (1886). While Samsung may believe that Congress struck the wrong

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[20] Samsung's assertion (Br. 56) that it is "entitled to judgment dismissing Apple's claims for infringer's profits" vastly overreaches. Even if the Court were to adopt Samsung's interpretation of the law, Apple would still be entitled to damages under § 289 for Samsung's extensive infringement of Apple's design patents. Moreover, Samsung's contention (Br. 57) that Apple had the burden "to prove the amount of profits attributable to the infringement of its design patents" is directly contradicted by Samsung's proposed instruction. JA204 ("Samsung has the burden of proving ... the portion of the profit attributable to factors other than use of the infringed design by a preponderance of the evidence.").

balance, "it is for Congress to determine if the present system of design and utility patents is ineffectual." *Bonito Boats, Inc.* v. *Thunder Craft Boats, Inc.*, 489 U.S. 141, 168 (1989); *accord Microsoft Corp.* v. *AT&T Corp.*, 550 U.S. 437, 458-459 (2007) ("If the patent law is to be adjusted ... , the alteration should be made after focused legislative consideration, and not by the Judiciary."); *see also* Lemley, *A Rational System of Design Patent Remedies*, 17 Stan. Tech. L. Rev. 219, 237 (2013) (noting that changing the total profit remedy "will require persuading Congress to act").[21]

Even were the Court to embark on a policy inquiry of its own, the lower courts' interpretation and application of § 289 are far superior to Samsung's. As Congress recognized, "[i]t is the design that sells the article, and so that makes it possible to realize any profit at all." 18 Cong. Rec. 834. In other words, design *necessarily* affects demand for the article of manufacture. *See Gorham*, 81 U.S. (14 Wall.) at 525 ("It is the appearance itself [of a product] which attracts attention and calls out favor or dislike. It is the appearance itself, therefore, no matter by what agency caused, that constitutes mainly ... the contribution to the public which the law deems worthy of recompense.").

Congress relatedly concluded that it is exceedingly difficult to apportion the harm caused by blatant copying of a patented design. It was "abundantly shown" to both the Senate and the House that "even if [a showing

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[21] The Federal Circuit applied the very deference to Congress that this Court has always directed. Contrary to Samsung's implication (Br. 22), the Federal Circuit did not find that the statute's plain text "'makes no sense in the modern world.'" Far from it: The court properly declined to consider "policy arguments that should be directed to Congress." Pet. App. 28a n.1.

of apportionment] were necessary, ... the proof thus called for can never be furnished." 18 Cong. Rec. 834; *see also* S. Rep. No. 49-206, at 1-2. Accordingly, the "theory of the law" is that "where an infringer ... appropriates the design and so mixes up the patentee's profits with his own ... the loss must fall upon the guilty and not upon the innocent party." *Untermeyer*, 50 F. at 80.

These concerns retain force today, as amici have demonstrated. *E.g.*, Nike Br. 29-30; IDSA Br. 7. Accepting Samsung's invitation to rewrite the statute to impose an apportionment requirement would have negative consequences on a scale unimaginable in the nineteenth century, as it would remove a powerful deterrent to would-be infringers that can rapidly mass-produce counterfeit or knock-off products. Nike Br. 8-10, 12; IDSA Br. 2, 11-15; Kappos, *America Doesn't Do Enough to Protect Its Innovative Designs*, WIRED Magazine, Nov. 9, 2015.

Uncertainty about the availability of the total profits remedy would also severely undercut design patent protection, making it less likely that companies would invest in creating innovative designs, and thus undermining the significant contributions industrial design makes to the U.S. economy. Nike Br. 9-10, 29, 37; IDSA Br. 1-7, 17-19. Forty thousand industrial designers currently work in the United States. IDSA Br. 17. And in 2012 alone, U.S. companies paid independent design firms more than $1.5 billion for product design and similar services. U.S. Census Bureau, *2012 Economic Census Professional, Scientific, and Technical Services Subject Series: Industrial Design Services* (rel. Mar. 29, 2016).

The record in this case demonstrates why the availability of a total profit remedy for design patent infringement is so important. Apple spent billions of dollars and several years developing the iPhone, and its patented design was critical to its success. *See supra* pp. 4-5. Samsung recognized the iPhone's beauty, concluding that it had a strong potential for "success" because of, among other things, its "[s]creen-centric design," which "set the standard" for consumer preference and contributed to a "revolution" in the smartphone industry. JA404, 406; *see also supra* p. 9. The evidence showed how assiduously Samsung copied Apple's iPhone in response to its "crisis of design" and instantly increased its market share. JA 422; *see also supra* pp. 9-11. Samsung's internal documents reflected pressure to "make something like the iPhone," JA417, and contained so-called "[d]irections for [i]mprovement" to copy Apple's graphical user interface, JA426-428; *see also supra* pp. 9-11. The copying extended to the smallest details, such as mimicking the color and shape of the iPhone's telephone icon (a green square depicting a white telephone handset). JA352-353. As Apple's expert testified, Samsung could easily have chosen other images to represent a telephone—such as "a pad of numbers," the "shape of a generic phone," or even the same handset tilted at a different angle—and, indeed, another phone on the market used just such a design. JA238-240 (discussing the Pantech Hotshot); *cf.* Dkt. 3198 at 194 (Wagner Report) (displaying alternate designs for telephone icon). Samsung's choice to use the designs that Apple developed, in order to benefit from Apple's creativity, is precisely the kind of wrongful misappropriation that § 289 is intended to deter and, when deterrence fails, to remedy.

B. Samsung's Hypothetical Parade Of Horribles Does Not Justify Rewriting § 289

Samsung argues (Br. 44-51) that the "Federal Circuit's entire-profits rule" will lead to disproportionate awards, create risks of multiple recoveries, and harm competition and innovation. Those predictions are based on a mistaken and exaggerated view of the Federal Circuit's holding. The Federal Circuit broke no new ground in this case; it simply applied the well-established interpretation of the total profit remedy codified in § 289, which "explicitly authorizes the award of total profit from the [infringing] article of manufacture bearing the patented design." Pet. App. 28a; *see supra* pp. 28-31. If that rule were truly the policy disaster Samsung claims, one would surely have seen evidence of the disastrous outcomes Samsung now foretells. That they have not been a problem in the almost 130 years since Congress enacted the total profit remedy confirms that Samsung's fears are unfounded.

1. Samsung contends (Br. 45) that the Federal Circuit's ruling will "lead to disproportionate awards in any patent case that involves ... a design patent claiming only a small component of a product's overall design." Samsung hypothesizes (Br. 1), for example, that a patentee could recover total profits for a car based on an infringing cupholder. But to prove infringement in such a case, the patentee would ask the jury to compare its cupholder design with the accused cupholder, not with the car in which the cupholder appears. A fact-finder properly applying *Gorham*'s "ordinary observer" test would never confuse a cupholder design with a car or think that a cupholder gave a car its "peculiar or distinctive appearance." *Gorham*, 81 U.S. (14 Wall.) at 525; *cf. In re Schnell*, 46 F.2d 203, 208, 209 (C.C.P.A. 1931) (predecessor to Federal Circuit explaining that a

suit could be brought against an infringer who "applied the same or similar design to the *same or similar* article ... so as to mislead the public" (emphasis added)). In that circumstance, a jury would be exceptionally unlikely to conclude that the article of manufacture for which total profit should be awarded was the entire car.[22]

Needless to say, this case is not remotely comparable to Samsung's cupholder hypothetical. Apple's design patents do not cover a minor component of the iPhone; they cover the overall appearance of the device's distinctive front face, bezel, and graphical user interface—in other words, the iconic look and feel of Apple's iPhone. *See supra* pp. 5-7. If Samsung thought these features could be treated as separate "articles of manufacture," it should have proffered evidence to that effect, argued the point to the jury, and appealed the jury's contrary finding for lack of substantial evidence. It did none of these.

Samsung points (Br. 45) to recent decisions in *Nordock, Inc.* v. *Systems Inc.*, 803 F.3d 1344, 1354-1355 (Fed. Cir. 2015), *petition for cert. filed*, No. 15-978 (U.S. Jan. 28, 2016), and *Pacific Coast Marine Windshields Ltd.* v. *Malibu Boats, LLC*, 2014 WL 4185297, at *11 (M.D. Fla. Aug. 22, 2014), but they do not help its cause. In *Nordock*, the Federal Circuit correctly addressed the identity of the "article of manufacture" based on the evidence of record: it ruled that the defendant failed to present sufficient evidence that the article of manufacture was the lip and hinge of a dock leveler, as opposed to the entire dock leveler. 803 F.3d at 1355 (finding

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[22] This also dispenses with amici's far-flung hypotheticals regarding graphical user interfaces in cars (Internet Ass'n Br. 9) or single icons in software (Professors Br. 5).

that "the evidence and testimony at trial demonstrated that the levelers are welded together" and "there was no evidence that [the defendant] sold a 'lip and hinge plate' separate from the leveler as a complete unit"). And the unpublished district court opinion in *Pacific Coast Marine* rejected the defendant's attempt on a motion for summary judgment to limit the "article of manufacture" *as a matter of law*. 2014 WL 4185297, at *10-11.[23]

Samsung may wish this Court to believe that § 289 led to a verdict that is disproportionate to Samsung's wrongdoing, but the verdict reflects a policy choice Congress made for precisely these situations. Congress could have chosen any number of different statutory schemes—as other countries have—to serve the deterrent purpose, but it specifically chose the total profit remedy. IDSA Br. 12-13 ("European design law provides deterrents against infringement by laws that provide upon a finding of infringement: (a) injunctions as a matter of right, (b) award of attorneys' fees to the design right holder as a matter of right, (c) seizure or destruction of the infringing products, and (d) customs enforcement of designs." (footnotes omitted)).

2. Samsung claims (Br. 47) that the Federal Circuit's ruling would "permit *multiple* recoveries of a manufacturer's profits on the same product," but that is

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[23] Samsung argues (Br. 45) that "the practice of partial claiming ensures that there will be many more requests for such disproportionate awards." Tellingly, again, Samsung cites no examples of this occurring in the past 130 years. Partial claiming long predates the Act of 1887, *see, e.g.*, *supra* p. 37 (coffin parts), and Congress enacted the statute against this backdrop. Samsung's argument also overlooks that, if the facts support it, an alleged infringer may argue that the article of manufacture is less than the entire multi-component product.

abstract speculation: Samsung fails to identify *any* case where this supposed problem has arisen.

Even if two unrelated companies were to own design patents on the same product, it is highly unlikely that the infringer would be required to pay out its total profits for that product more than once. Once an infringer yields its total profits on a product, it no longer has any profit to pay. The infringer could also argue, if the facts supported it, that each design was applied to a different article of manufacture that was smaller than the larger product. *See supra* pp. 35-39. And in the unlikely event that two or more patentees were awarded total profits on the same article, the infringer could invoke established mechanisms to avoid having to disgorge its total profit more than once, such as interpleader, *see* Fed. R. Civ. P. 22; 28 U.S.C. § 1335; *Texas* v. *Florida*, 306 U.S. 398, 406 (1939); 4 Symons, *Pomeroy's Equity Jurisprudence* § 1320 (5th ed. 1941), impleader, *see* Fed. R. Civ. P. 14; Lemley, 17 Stan. Tech. L. Rev. at 231, and traditional equity doctrines such as equitable assignment of a fund, *see* 4 *Pomeroy's Equity Jurisprudence* § 1280; *accord Leonard* v. *Marshall*, 82 F. 396, 398-399 (C.C.W.D. Mo. 1897); *Chase Nat'l Bank of N.Y.* v. *Sayles*, 11 F.2d 948, 956 (1st Cir. 1926), and exoneration, *see* 4 *Pomeroy's Equity Jurisprudence* § 1417; *Hall* v. *Smith*, 46 U.S. (5 How.) 96, 102-103 (1847); *Hazelton* v. *Valentine*, 113 Mass. 472, 481 (1873).[24]

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[24] Were a dispute to arise over the allocation of the infringer's total profits, a court could also invoke the doctrine of "equitable division"—where the owner of a piece of property is unclear, all the claimants receive an equal share. *E.g.*, *Popov* v. *Hayashi*, 2002 WL 31833731, at *7-9 (Cal. Super. Ct. Dec. 18, 2002) (applying equitable division to determine ownership over Barry Bonds's record-setting homerun baseball); *Keron* v. *Cashman*, 33 A. 1055 (N.J. Ch. 1896) (ownership over sock stuffed with $775); *see gener-*

3. Samsung threatens (Br. 47-51) that the Federal Circuit's decision will "impede both competition and innovation." Once again, Samsung ignores that none of its horribles has come to pass in the nearly 130 years since Congress enacted the total profit remedy. On the contrary, "the economic engine of industrial design developed under the existing framework of ... Section 289 and its predecessor statute." IDSA Br. 7. As this Court has recognized, "[t]he law manifestly contemplates that giving certain new and original appearances to a manufactured article may enhance its salable value, may enlarge the demand for it, and may be a meritorious service to the public." *Gorham*, 81 U.S. (14 Wall.) at 525.

Samsung's argument (Br. 48) that the "entire-profits rule" will "make design patents the new weapon of choice in efforts to quash new market entrants" relies on its flawed assumptions that the remedy is new and that it authorizes disproportionate awards. But the remedy is over a century old and limited to the "article of manufacture," a factual question that, when actually disputed, provides a meaningful limitation on the total profit award. *See supra* pp. 35-39. Samsung and its amici assert that the "risks ... are ... most grave for small businesses," Pet. Br. 49; *see also* Public Knowledge Br. 11; Engine Advocacy Br. 19-21, but design patent protections are in fact "particularly crucial" to help "small and startup companies," BSA Br. 9, by allowing them to "develop[] new and innovative products" without the "looming threat of copyists," IDSA Br. 22. Indeed, in this case, it was *Apple* that was the "new market entrant[]" that took a

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ally Helmholz, *Equitable Division and the Law of Finders*, 52 Fordham L. Rev. 313 (1983) (discussing rule's origin).

preexisting market by storm, only to face unfair competition by the incumbent Samsung, which chose to regain market share not through innovation, but deliberate and outright mimicry.

Nor is there any significant risk of innocent infringement of a design patent. Because patented designs protect "aesthetically pleasing appearance[s] that [are] not dictated by function alone," *Bonito Boats*, 489 U.S. at 148, a competitor always has options to avoid design patent infringement that do not affect the product's utility. Therefore, "[w]hen a competing product bears an infringing ornamental design, it is likely the result of deliberate copying or willful infringement." Nike Br. 22. Samsung had many ways to make a smartphone without infringing Apple's design patents, *e.g.*, JA395, 476, but instead made the deliberate choice to copy. And other protections exist to prevent innocent infringement—for example, the marking and notice requirement, *see supra* p. 30 n.7, and the fact that the "elements required to establish and maintain design protection are ... stricter than those for other comparable intellectual property rights," Nike Br. 24. It is therefore unsurprising that neither Samsung nor its amici identify a single example of innocent design patent infringement.[25]

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[25] Samsung cites (Br. 48-49) *Microsoft Corp.* v. *Corel Corp.*, as an example of a company supposedly using design patents to "quash new market entrants." But that example is flawed. The case is a suit by Microsoft alleging that Corel engaged in wholesale copying of a variety of Microsoft's patented features and designs in Corel's competing software. *See generally* Compl., Dkt. 1, *Microsoft Corp.* v. *Corel Corp.*, No. 15-cv-5836 (N.D. Cal. Dec. 18, 2015).

Samsung contends (Br. 50) that the Federal Circuit's decision will lead to "'an explosion of design patent assertions and lawsuits,'" including by non-practicing entities. Again, Samsung and its amici fail to explain why the Federal Circuit's application of a rule that has existed for over a century would cause such a surge now. Unlike in the utility patent world, where non-practicing patent assertion entities are numerous, Samsung has not named one entity with a valid design patent that has reaped undeserved rewards by leveraging § 289.[26]

The lack of concrete examples of design patent non-practicing entities is unsurprising. Non-practicing entities may succeed in acquiring *utility* patents that anticipate or incorporate valuable technological features, but it is much harder to anticipate or acquire product *designs* before they are released—particularly because design innovators give their products a unique look to differentiate their brand. Even if a non-practicing entity anticipated which design patents might prove lucrative, it would be highly unusual for a design innovator to sell, assign, or license design rights to a non-practicing entity. While a company might monetize unused *technology* through sale or license of utility pa-

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[26] The Internet Association amicus brief does not indicate that any of its signatories has been held liable for design patent infringement, let alone by a non-practicing entity. Even the cursory blog post Samsung cites (Br. 51 n.31) only discusses a questionable demand letter premised on a "'*pending*'"—*i.e.*, as yet unissued—"'design patent portfolio.'" Macri, *Patent Trolls Are Already Abusing the* Apple v. Samsung *Ruling*, InsideSources (Oct. 1, 2015) (noting that the portfolio "list[s] a series of functionalities patented under a *utility* patent ... that doesn't belong" to the author of the demand letter (emphasis added)). Samsung's amici can do no better—they rely on the same underlying letter. Internet Ass'n Br. 26; CCIA Br. 15; Engine Advocacy Br. 24-25.

tents, it will typically keep its *design* rights to avoid giving away control of its brand.[27]

Finally, Samsung's fear-mongering about design patent non-practicing entities, innocent infringement, and the alleged harmful effects of § 289 on small business ignores the realities of this case. Samsung, a Global 500 company with worldwide reach, deliberately chose to copy the innovations of its fiercest competitor, profited enormously from that infringement, refused to stop copying even after informed of Apple's patent rights, and was conclusively found liable by every decisionmaker to review this case. That is exactly the situation Congress had in mind when it enacted § 289. This Court should not rewrite the statute to save Samsung from the consequences of its own misconduct.

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[27] Samsung's alarm that the number of Federal Circuit decisions in design patent cases "tripled since last year" (Br. 51) hides the truth: its source reports only *six* decisions this year compared to *two* last year. Dutra, *Design Patents Up, But Samsung Case Ruling Could Bring Down*, Bloomberg BNA (Apr. 20, 2016).

CONCLUSION

The judgment should be affirmed.

Respectfully submitted.

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APPENDIX

35 U.S.C. § 171—Patents for designs

(a) In general.—Whoever invents any new, original and ornamental design for an article of manufacture may obtain a patent therefor, subject to the conditions and requirements of this title.

(b) Applicability of this title.—The provisions of this title relating to patents for inventions shall apply to patents for designs, except as otherwise provided.

(c) Filing date.—The filing date of an application for patent for design shall be the date on which the specification as prescribed by section 112 and any required drawings are filed.

35 U.S.C. § 289—Additional remedy for infringement of design patent

Whoever during the term of a patent for a design, without license of the owner, (1) applies the patented design, or any colorable imitation thereof, to any article of manufacture for the purpose of sale, or (2) sells or exposes for sale any article of manufacture to which such design or colorable imitation has been applied shall be liable to the owner to the extent of his total profit, but not less than $250, recoverable in any United States district court having jurisdiction of the parties.

Nothing in this section shall prevent, lessen, or impeach any other remedy which an owner of an infringed patent has under the provisions of this title, but he shall not twice recover the profit made from the infringement.

Act of Feb. 4, 1887, ch. 105, 24 Stat. 387—An act to amend the law relating to patents, trade-marks, and copyright.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That hereafter, during the term of letters patent for a design, it shall be unlawful for any person other than the owner of said letters patent, without the license of such owner, to apply the design secured by such letters patent, or any colorable imitation thereof, to any article of manufacture for the purpose of sale, or to sell or expose for sale any article of manufacture to which such design or colorable imitation shall, without the license of the owner, have been applied, knowing that the same has been so applied. Any person violating the provisions, or either of them, of this section, shall be liable in the amount of two hundred and fifty dollars; and in case the total profit made by him from the manufacture or sale, as aforesaid, of the article or articles to which the design, or colorable imitation thereof, has been applied, exceeds the sum of two hundred and fifty dollars, he shall be further liable for the excess of such profit over and above the sum of two hundred and fifty dollars; and the full amount of such liability may be recovered by the owner of the letters patent, to his own use, in any circuit court of the United States having jurisdiction of the parties, either by action at law or upon a bill in equity for an injunction to restrain such infringement.

SEC. 2. That nothing in this act contained shall prevent, lessen, impeach, or avoid any remedy at law or in equity which any owner of letters patent for a design, aggrieved by the infringement of the same, might have had if this act had not been passed; but such owner shall not twice recover the profit made from the infringement.

(DISPUTED) JOINT PROPOSED JURY INSTRUCTIONS, Dkt. 1232 (excerpts)

PROPOSED FINAL JURY INSTRUCTION NO. 54 DESIGN PATENT INFRINGEMENT DAMAGES—DEFENDANT'S PROFITS

* * *

Samsung's Proposed Instruction[10]

In this case, Apple alternatively seeks Samsung Electronics Company's, Samsung Electronics America's, and Samsung Telecommunications America's profit from sales of products alleged to infringe Apple's design patents. Accordingly, if you find infringement by Samsung Electronics Company, Samsung Electronics America and/or Samsung Telecommunications America, do not find Apple's design patents are invalid, and do not award Apple lost profits and/or a reasonable royalty, you may award Apple Samsung Electronics Company's, Samsung Electronics America's and/or Samsung Telecommunications America's total profit on sales of products alleged to infringe Apple's design patents.

The "total profit" of Samsung Electronics Company, Samsung Electronics America and/or Samsung Telecommunications America means the entire profit on the sale of the article to which the patented design is applied, or with which it is used and not just the portion of profit attributable to the design or ornamental aspects of the patent. "Total profit" does not include profit at-

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[10] Samsung objects to Apple's attempt to obtain both lost profits and infringer's profits as unsupported by any legal authority. Samsung offers this instruction solely in the event that the Court disagrees. Samsung also offers this instruction subject to its objection that any disgorgement of profits should be subject to apportionment.

tributable to other products that may be sold in association with an infringing article embodying the patented design. A design patent owner can recover the profit not only of the manufacturer or producer of an infringing article, but also of other sellers in the chain of distribution, if any such profits are proven by Apple by a preponderance of the evidence.

If you find infringement by any Samsung defendant, and do not award Apple lost profits and/or a reasonable royalty, you may award Apple all profit earned by that defendant on sales of products alleged to infringe Apple's design patents, and that is attributable to whatever infringement you have found by that particular defendant. Profit is determined by deducting certain expenses from gross revenue. Gross revenue is all of the infringer's receipts from the sale of products using any design found infringed. Apple has the burden of proving the infringing defendant's gross revenue by a preponderance of the evidence.

Expenses can include costs incurred in producing the gross revenue, such as the cost of the goods. Other costs may be included as deductible expenses if they are attributable to the sales of the infringing products resulting in a nexus between the infringing products and the expense. Samsung has the burden of proving the deductible expenses and the portion of the profit attributable to factors other than use of the infringed design by a preponderance of the evidence.

Unless you find that a portion of the profit from the sale of the infringing product is attributable to factors other than use of the infringed design, you shall find that the total profit is attributable to the infringement.

SAMSUNG'S PROPOSED DISPUTED JURY INSTRUCTIONS AT THE CLOSE OF EVIDENCE, IN ORDER, Dkt. 1238 (excerpts)

INSTRUCTION NO. 54—ADDITIONAL REMEDY FOR DESIGN PATENT INFRINGEMENT—DEFENDANT'S PROFIT[5]

In this case, Apple alternatively seeks Samsung Electronics Company's, Samsung Electronics America's, and Samsung Telecommunications America's profit from sales of products alleged to infringe Apple's design patents. Accordingly, if you find infringement by Samsung Electronics Company, Samsung Electronics America and/or Samsung Telecommunications America, do not find Apple's design patents are invalid, and do not award Apple lost profits and/or a reasonable royalty, you may award Apple Samsung Electronics Company's, Samsung Electronics America's and/or Samsung Telecommunications America's total profit on sales of products alleged to infringe Apple's design patents.

The "total profit" of Samsung Electronics Company, Samsung Electronics America and/or Samsung Telecommunications America means the entire profit on the sale of the article to which the patented design is applied, or with which it is used and not just the portion of profit attributable to the design or ornamental aspects of the patent. "Total profit" does not include profit attributable to other products that may be sold in association with an infringing article embodying the patented

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[5] Samsung objects to Apple's attempt to obtain both lost profits and infringer's profits as unsupported by any legal authority. Samsung offers this instruction solely in the event that the Court disagrees. Samsung also offers this instruction subject to its objection that any disgorgement of profits should be subject to apportionment.

design. A design patent owner can recover the profit not only of the manufacturer or producer of an infringing article, but also of other sellers in the chain of distribution, if any such profits are proven by Apple by a preponderance of the evidence.

If you find infringement by any Samsung defendant, and do not award Apple lost profits and/or a reasonable royalty, you may award Apple all profit earned by that defendant on sales of products alleged to infringe Apple's design patents, and that is attributable to whatever infringement you have found by that particular defendant. Profit is determined by deducting certain expenses from gross revenue. Gross revenue is all of the infringer's receipts from the sale of products using any design found infringed. Apple has the burden of proving the infringing defendant's gross revenue by a preponderance of the evidence.

Expenses can include costs incurred in producing the gross revenue, such as the cost of the goods. Other costs may be included as deductible expenses if they are attributable to the sales of the infringing products resulting in a nexus between the infringing products and the expense. Samsung has the burden of proving the deductible expenses and the portion of the profit attributable to factors other than use of the infringed design by a preponderance of the evidence.

Unless you find that a portion of the profit from the sale of the infringing product is attributable to factors other than use of the infringed design, you shall find that the total profit is attributable to the infringement.